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PROPOSALS FOR A NEW EUROPE

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Dear reader,

What you are reading is the second of two test issues of *Quistioni*, the quarterly magazine in three languages of the European Left. Our purpose is to create a public space for discussion and debate between those who want to build the alternative to this neo-liberal world. For this reason, it will include contributions from the member parties of the European Left, from intellectuals and movements.

The magazine is titled *Quistioni* (referring to the way in which Antonio Gramsci indicated the matters, the problems), because in each monographic issue of the magazine we want to tackle a problem and contribute, in this way, to the building of a common alternative project at European level.

We are very interested in your opinion, feedbacks and suggestions: you can write us at magazinepge@libero.it

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Europe and the Left

Heinz Bierbaum

On the 9th of May the “Conference on the Future of Europe” was opened with a joint declaration by the European Parliament, the Council and the European Commission. According to this declaration the Conference should serve as platform for the thoughts, ideas and proposals of European citizens concerning the challenges such as climate change, digitalization, migration, equality, health and so on. And it is promised that the recommendations will be respected. But there is still a risk, that this conference becomes another missed opportunity remaining a merely decorative promise unless there is really a participatory and democratic process providing citizens participation and the involvement of social movements, trade unions and political parties.

For the European Left this conference is an opportunity to present their vision on the future of Europe. We have drawn up a document in which we present our key points. Starting point is the observation, that Europe is still in a deep economic, social and political crisis, which the pandemic is exacerbating. In the pandemic it became evident that the predominant neoliberal policy is not able to address the crisis in a proper way and that we need a fundamental change in European politics. First of all, the pandemic has to be combatted. Therefore, the European Left supports strongly the European Citizens Initiative “Right2Cure” for free access to vaccines and for making the vaccine a common good. We have also to combat the dramatic economic and social effects of the pandemic by setting up in particular a rescue plan for workers and their families.

Even the European Commission and the European Governments suspended some essential

elements of the neoliberal austerity policy such as the Stability and Growth pact and set up a recovery fund endowed with 750 billion euros. This could be a starting point for a real economic recovery facing also the ecological challenges such as the climate change. A key element for us is the social-ecological transformation or a left Green New Deal. We need a green revolution of industry combining ecological and social needs. A left Green New Deal has to go hand in hand with the expansion of workers’ rights. The recent Social Summit organized by the Unions with the request of a binding social protocol is a point of reference.

It is impossible to speak of a concrete European commitment to Europe’s social dimension unless all social protection systems, including pensions and wages, are calibrated to the highest standards.

The pandemic demonstrated the failure of neoliberal politics. The era of austerity policies is coming to an end. The European Left should present itself as the protagonist for a radical change of European policy. Such a different policy orientated on the interest of the people can’t be based on the existing Treaties. The Maastricht and Lisbon Treaties do not provide a basis for a social, democratic, ecological and peaceful Europe. They have to be changed. It is the task of the Left to pave the way to it.

For doing this a strong European Left is needed. Unfortunately, the Left is not in a good shape. The Left is facing difficult times.

In the Nordic countries the left parties are relatively stable. In some countries like in France the Left is fragmented or divided. In Italy the Left is terribly weak. Also in Germany the Left is losing ground still being an important politi-

cal force. But there are also some parties like the Ptb in Belgium or the Bloco de Esquerda in Portugal which are increasing. And we shouldn't forget that Syriza in Greece despite some losses is together with Akel in Cyprus still the biggest left party in Europe.

In order to get out of this situation and to get stronger again, it is necessary that the Left has a clear political strategy and overcomes its divisions. The conference on the future of Europe is a good opportunity to intensify such a strategic debate. The Party of the European Left is committed to this debate. We are also committed to stronger cooperation between the left and progressive political forces, for which the debate on the future of Europe could also be helpful. In this context I'd like to refer to the annual European Forum which we together with other progressive and ecological forces are organizing and which is also a platform for discussion and cooperation.

As already said and in our document for the conference on the future of Europe outlined the key elements of a left perspective are a policy of protecting the people, strengthening social rights, defending democracy and social-ecological transformation. Another focus is peace and disarmament to which the European Left is

strongly committed. We are facing an alarming situation with the risk of a new cold war. The recent Nato summit in Brussels was focused on China which is seen as systemic rival. Nato presented itself as part of the geopolitical strategy of the United States striving for supremacy in the world. The European left supported the Anti-Nato summit organized by the international network "No to war – No to Nato" condemning its dangerous expansion plans. We are strictly against a militarization of the European Union. Commitment for peace and disarmament and commitment for a left Green New Deal are strongly linked. Fighting militarization also means fighting the climate crisis because war and military exercises are the greatest damage to the environment.

With this edition of *Quistioni* we want to contribute to a broad debate about the future development of Europe. It is also a contribution to developing a comprehensive political strategy for the Left in Europe.

Heinz Bierbaum is President of the Party of the European Left. He is a sociologist and economist.

Some analysis insights on the politics of the European ruling classes

Paolo Ferrero

1. The European Union has entered a process of great change. On the one hand, the Covid syndrome has changed our lives and, on the other, the European ruling classes have tackled this crisis in very different ways from the 2008 sovereign debt crisis.

This issue of *Quistioni* aims to contribute to the understanding of these transformations, sharing analyses and proposals to facilitate the debate that the Party of the European Left and the whole Left must have to elaborate a political proposal that is up to the new phase.

2. The changes in the policies of the Ecb and the governance of the EU, will find a significant point of debate in the Conference launched on 9 May 2021 and ending in the spring of 2022 - during the French presidency of the EU - which, among other things, will be an important stage for Macron, who is engaged in the French presidential elections.

3. This conference, which will take place in the context of Covid, was, however, conceived before the pandemic started. The idea of the Conference was born during 2019, when the President of the European Commission put forward the proposal to organise a Conference on the future of Europe. The European Parliament on 15 January 2020, adopted this proposal with the following document (https://www.europarl.europa.eu/doceo/document/TA-9-2020-0010_IT.html).

4. The clarification on the timing of the birth of the rethinking of the European Union before

the Covid pandemic is not just a nitpicking due to chronological neurosis. The point is relevant on an analytical level because it indicates that the European ruling elite had the need to rethink the European Union before Covid. The pandemic accentuated this need but did not create it, it existed before.

5. It is therefore a question of understanding why the European ruling leaders thought it necessary - unanimously - to rethink the European Union, which had been such an effective instrument to implement austerity policies and to bend any attempt to question the ordoliberal orthodoxy from the left. My opinion is that the point of origin of this necessity is the crisis of neo-liberal globalisation that matured in the second half of the last decade and that has seen in the Trump presidency an emblematic, though not a triggering, element.

6. The crisis of globalisation - and the collateral crisis of neo-liberal ideology in favour of the revival of national themes - is a structural phenomenon that has its roots in the intensification of global competition in the context of the climate crisis. In this context, there is a particularly aggressive role for the US, which continues under Biden and is mainly due to two elements.

The first is that China's development as a full-fledged economic superpower brings with it the growth of China as a military and financial superpower. This new role of China calls into question the US's global rentier position - just think of the advantages of the dollar as an international reserve currency - and thus the

fact that the US can live comfortably beyond its means.

The second is the climate and environmental crisis, which raises the issue of the scarcity of natural resources and the competition for raw materials, drinking water, arable land and so on. The US does not want to give up the possibility of exercising its power of “resource grabbing” on a global scale.

7. The intertwining of the above elements makes it clear that a strong and sustained capitalist development based on a continuous increase in resource consumption on a global scale is not possible. Hence the crisis of globalisation and a tendency to change capitalist accumulation based on competing regional macro-areas. To emphasise this is not to say that we have gone “from black to white”, from a perfect global market to the renationalisation of economies. It is a process, a variation of specific weights in global dynamics. A variation of weights, but one so significant as to change the framework. As Hegel would have said, “Purely quantitative variations determine qualitative variations”.

8. This tendency to reorganise capitalist accumulation around regional macro-areas has accelerated dramatically with the Covid pandemic, which has in turn cornered the European ruling leaders, unable to cope with the pandemic and totally unprepared for it. For a major economic and industrial superpower like Europe, not having masks for doctors and chemical reagents for analysis is a setback that undermines the credibility of the ruling leaders. Governments that do not know how to guarantee the security of their population are not doomed to last. Moreover, Hobbes emphasised in *Leviathan* that one of the tasks of the sovereign, in addition to guaranteeing peace and protection, was to guarantee health security for the people (*salus populi suprema lex*).

9. The convergence of economic and health factors prompted the European ruling leaders to take a quantum leap that was first highlighted

by the Franco-German summit on 18 May 2020 and then, on 18 June 2020, by the European Parliament resolution (https://www.europarl.europa.eu/doceo/document/TA-9-2020-0153_IT.html). It stated that “10 years after the entry into force of the Lisbon Treaty, 70 years after the Schuman Declaration and in the context of the Covid-19 pandemic, the time has come to rethink the European Union”. The resolution goes on to say that “the number of major crises the Union has experienced demonstrates the need for institutional and political reforms in many areas of governance”. Moreover, this way of proceeding “by crisis” is not new, since Jean Monnet, the first president of the European Coal and Steel Community, claimed that “Europe will be shaped by its crises and will be the sum of the solutions found to resolve these crises”.

10. The ordoliberal EU, founded on Maastricht and Lisbon, is thus coming to terms with the limits of its approach. The decision to suspend the validity of the articles of the treaties on state aid to companies and public spending shows the depth of the problems. Thus, on 10 March 2021, the signing of the inter-institutional agreement by Ursula von der Leyen, David Sassoli and Antonio Costa - representing the Commission, the Parliament and the Council of the EU - marks the formal start of the path of the Conference on the Future of Europe. We will see what the outcome of those debates will be, and it will be important for us to be able to take the field with a proposal. Here I think it is useful to identify several trends that emerge, albeit embryonically, both in the choices already made and in the proposals put forward.

11. This step was managed with a strong concentration of decisions that, starting with Franco-German leadership, saw the Ecb and the Commission as the main operational instruments. Significant resources were made available through a centralisation of political decisions. The spending guidelines of the Next Generation EU have been decided centrally in a highly bin-

ding way, are destined to remain unchangeable in the coming years, and have completely bypassed the powers of national parliaments and the European Parliament. This centralisation based on the strict control of additional expenditure has not yet resulted in new rules but is based on the suspension of some of the old rules (ban on state aid and budget deficits) and the concrete modification of governance mechanisms. Instead of procedures based on unanimity, there has been a shift to very strong bargaining. The strategic direction was given by the European Union's leadership group, which was united around the Franco-German axis, the Ecb and the Commission, and this leadership group engaged in economic bargaining with various countries that exchanged their assent to the plan in exchange for the granting of resources. The result is a much more flexible governance than the previous one. It is precisely in the bargaining made possible by the suspension of the rules that governance has been able to bring about centralisation and the assumption of a precise political direction.

12. The Ecb's role has been very important in making a large amount of money available to banks, at no cost, to support financial markets, businesses and to give the most indebted states room for manoeuvre. Without reaching the quantitative levels of the Federal Reserve, the Ecb has moved in the same direction and today is in fact the guarantor of the sustainability of public debts. This is a fully political role, in which resources are made available to states to the extent that governments commit to following the path decided at central level. The Italian case is emblematic from this point of view, where the granting of a significant number of resources takes place with the country's commissioner through the presidency of Mario Draghi, one of the main exponents of the European oligarchy, who has taken spending measures that cannot be substantially changed in the next decade and that are totally aimed at strengthening the private production sector, without allocating almost anything for welfare.

Nor should we underestimate the fact that Enrico Letta, the highest-ranking Italian politician in the Trilateral Commission, has taken over as secretary of the Democratic Party. The Ecb therefore plays a decisive role in the political guidance of a process that goes far beyond the standards of official ordoliberalism.

13. The European Union has clearly chosen the path of environmental reconversion and digitalisation of production and the economy. It also considers it necessary to encourage the formation of European multinationals capable of competing at global level for economic and technological leadership in the various sectors. Here we have a clear choice of political intervention in the economy that is not primarily aimed at satisfying social needs but rather at strengthening the European industrial structure. This is all with a view to making European industry more competitive on the global market, in a context in which the climate crisis makes it necessary to carry out a huge restructuring that private individuals could not face without state support. Just think of the shameful way in which the European Commission has dealt with the issue of vaccine patents against Covid. The governance of this restructuring process is entrusted in part to legislation and above all to the selective use of finance, the true cockpit of capitalism. This public intervention in the economy is accompanied by the choice of making the labour market even more deregulated to encourage restructuring and thus the expulsion of labour from sectors considered obsolete, while guaranteeing some form of individual monetary protection.

14. In this context, the Ecb's stated aim is to develop the environmental and digital transition to build a "liquid and deep" European capital market. It is very interesting to read what the leading figures of the Ecb are saying, starting with its president Christine Lagarde, because they outline the strategic design of European capitalism. Lagarde said on 6 May this year at an official meeting in Frankfurt: "I borrow

an example from the history of the United States. The economic and financial integration of the United States at the end of the 19th century owes much to the new technology of the railways. With a local banking system that was fragmented, the huge amount of financing needed for this project was only mobilised through the capital markets, particularly in the form of railway bonds. This, in turn, laid the foundation for the development of the US financial system. The railways ended up connecting not only the most distant corners of the Union, but also its capital markets.

If you allow me the analogy, I see some similarities between this period in US history and today's EU transition to a sustainable economy, underpinned by the growth of sustainable finance.

The transition to zero net emissions, together with a proper digital backbone, will require major investments across Europe in technology, infrastructure and networks. Fragmentation among national financial markets could limit our ability to finance future investments. But if green finance continues to emerge to finance this transition, the consequences for the European financial system could be radical.

Indeed, I believe that the green transition offers us a unique opportunity to build a truly European capital market that transcends national borders, or what I would call a green capital markets union (Cmu)".

Lagarde goes on to say "Capital markets are also key to financing the transformation of our economies. We need investments of around 330 billion euros per year by 2030 to meet Europe's climate and energy goals, and around 125 billion euros per year to achieve digital transformation.

While banks can and should provide a good share of this financing, capital markets can provide innovative tools to bridge the investment gap... This raises the question: how do we integrate capital markets faster? Are there market segments where there are fewer barriers and where high levels of integration can be achieved quickly, but which also encourage future-oriented

project financing?

Developing European green capital markets.

In my view, European green capital markets meet all these criteria".

I apologise for the very long quote, but it seems to me to be of some use in understanding the scope of the project to which an Ecb that is explicitly working for a "joint use of monetary and budgetary policies" is committed, overcoming the divide that characterised the past decade.

15. The response of the European ruling classes to the globalisation crisis and to the Covid syndemic is therefore not a repetition of the austerity policies with which the 2008 debt crisis was tackled and which made a decisive contribution to the birth and strengthening of fascist and racist right-wingers. Of course, a return to austerity policies is always possible. Particularly the most indebted countries that are using up more of their loans, such as Italy. What is changing, however, is the overall framework and the decisive step forward made in the process of European integration in economic and financial terms. This step seems to me irreversible and precisely concerns the basic characteristics of the capitalist accumulation model within the globalisation crisis. In debates on these issues, the German Constitutional Court is often mentioned as a guardian of German sovereignty against the Ecb and integration processes. Without wishing to underestimate this element, however, if we look at the rulings in concrete terms, we see that they represent a substantial green light for the measures taken so far by the Ecb. Filled with criticism and remarks, the rulings have, however, enabled the Ecb, in the name of monetary stability, to achieve elements of debt mutualization that were unimaginable 10 years ago.

It seems to me, therefore, that a rather clear direction has prevailed in the German and European ruling classes in dealing with the Covid syndemic. An in-depth analysis of this direction is necessary to avoid two specular risks on the left. On the one hand, the risk of portraying the

situation as if it were a break, as if nothing had changed; on the other, the risk of reading the changes as if they were our strategic victories, without recognising the radically capitalist nature of this turn of events.

16. In the context of the strategic debate on our proposal for Europe, I think it is useful to highlight some areas of political initiative that should be opened immediately, because the new approach of the ruling classes gives full credence to some of our criticisms of recent years.

- First, it is clear that “the money is there”. After years of austerity, we can now see that there is significant scope for possible expenditure. The Commission is giving the money to businesses. We can open a strong battle to spend it differently. To build a European welfare state, to reduce working time, and so on.

- Secondly, it is clear that the environmental emergency is recognised and shared by all and must therefore be tackled with determination. The choice of the Ecb and the Commission to adopt a capitalist and subsidised approach to the environmental reconversion of production and the economy is not the best one. On the contrary, it is quite clear that it is too slow and inherently contradictory because it selects objectives based on the return on investment. We do not have time, and this opens the opportunity to clearly demand the preparation of a public plan for the environmental reconversion of the economy and production that focuses on the speed of reconversion and not on the market

profitability of investments.

- In this situation, the issue of relaunching the public sector is objectively placed. Today the public sector is proposed in a subordinate and functional function to the private sector. There is ample opportunity to raise the issue of the public sector as a great democratic opportunity to guarantee rights and common goods, going beyond the commodity form.

- European governance today is not carried out by invoking treaties, it has become political and negotiated, but increasingly centralised and undemocratic. It is exercised by the bankers, the Commission and a few governments that have the strength and power to decide for everyone. This opens the way for a battle for the complete democratisation and parliamentarisation of Europe that values both national parliaments and the European Parliament.

- The security we need is health security, not military security. Instead of increasing military expenditure, we need to build European welfare in a Europe of peace that develops international cooperation and hospitality.

Paolo Ferrero, director of Quistioni, is vice president of the Party of the European Left. He was national secretary of the Partito della Rifondazione Comunista, Italy, and Minister for Welfare in the second Prodi government.

Interventions

Prague Spring 2 Network against right wing extremism and populism

Matyas Benyik

The Prague Spring 2 network against right wing extremism and populism started in Prague in 2010 together with progressive people and organisations active in the World Social Forums (Wsf) and the European Social Forums (Esf). See https://www.facebook.com/praguespring2/?ref=page_internal

This network was initiated by activists in Central and Eastern Europe (Cee) together with some colleagues from Austria and Sweden. It was against populist and Far Right tendencies, which had already started to advance in the Cee region. We concentrated our cooperation on the fight against neo-Nazism and the advance of Far Right in Ukraine and in other countries of the Eastern part of Europe. The cooperation of Cee movements is very important since, according to our evaluation, in the Wsfs and Esfs in the past, Eastern and Central Europeans were under-represented, the number of activists participating in the fora was small, except at the Esf in Florence and to a certain degree to that in Paris. This made us feel that we were not equal, many times we were treated not very friendly.

Prague Spring 2 is still functioning, fighting mainly against the advance of the Far Right and poverty, in the spirit of the old Social Forums. In 2013, PS2 Network had the 1st Central and Eastern European Forum (Ceesf) in Vienna and then, after renaming the Ceesf into Assembly of Resistances (AoR), two events were held in Budapest, one in 2016 and the other in March 2018. So, members of PS2 keep up the spirit of the Forums and are trying to be active in the global arena, extending cooperation to new actors, trying to figure out the key points uniting us not only in the Cee region, but also in Southern Europe.

European and world cooperation of movements

is very important especially regarding the burning issues of environment, migration and the Far Right, whose advance must be stopped through international cooperation. PS2 is working very hard to restart an anti-war movement, to stop wars which cause big human, economic and environmental losses. We must fight for peace, but also against poverty, especially in the Cee region, which is closer in terms of problems to the Third World, especially Latin America and Africa, than to the core countries of Western Europe. Activists of a small country, like Hungary, cannot fight alone. We have to seek allies with whom to cooperate at European and international level.

In order to prepare ourselves for the Wsf 2021 in Mexico PS2 Network held a virtual preparatory conference between 5th and 6th December 2020 aiming to bring its results to the Wsf. It was highly important for PS2 to link peace, social and environmental movements. At the virtual conference social and environmental (ecological) alternatives and answers to the multidimensional crisis were sought.

World Social Forum celebrated its 20th anniversary in January 2021. The Wsf events took place virtually from 23 to 31 January. Some 10,000 participants from 144 countries registered individually or on behalf of a member organisation of Wsf. Many others followed the thematic conferences and debates on Facebook. The participation of the Cee region in this Wsf, including the Hungarian Social Forum movement, in contrast to all previous Wsf events, proved to be outstanding.

The most important result of the virtual Wsf 2021 was the adoption of the Declaration of the Social, Peace and Environment Movements (Spem), which alone was able to create a

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convergence of different movements. The work of the General Assembly of the movements was aimed at creating a document that summarises the situation of the world today and points the way out of the current state of the Earth and humanity, which threatens to destroy it. The final declaration, adopted in full agreement, underlines:

- the need to join forces to make the Wsf more relevant and widely known;
- the present historical crisis is severely burdened by the extreme concentration of wealth and power, and the precariousness of work and livelihoods;
- the need to take the initiative locally in both rural and urban communities to give people control over the use and exploitation of land, housing and resources, thus creating a democratic economy.

The Declaration of the Social, Peace and Environment Movements is available here:

<https://www.attac.hu/2021/02/declaration-from-the-assembly-of-social-peace-and-environmental-movements-of-the-wsf-2021/>

The movements of the Wsf can only find and achieve the social transformations that are needed by building networks of action at the regional and territorial level. The Wsf is deeply committed to building a broadly supported movement for social, ecological, economic and political transition based on intersectional equity. The rights to the Earth, nature and participatory democracy of communities are fundamental values.

To achieve this, the movements participating in the 2021 Virtual World Social Forum have decided to develop a global agenda for collective action in the near future. On this basis, the Hungarian Social Forum (Hsf) developed and publicised the modalities and events of Hungary's participation and mobilised for future events.

We have been actively involved in the preparation of the Spem Declaration. The text proposed by Tamás Krausz entitled "Central and Eastern European Declaration for WSF Assembly of Social Movements" was accepted. Because of its importance, this declaration is quoted verbatim:

1. An anti-systemic, anti-capitalist left is looking for its place, the ideological driving forces of its action, since Eastern Europe is perhaps the most reactionary part of the world system with a Polish-Hungarian-Baltic-Ukrainian centre.

Here the vast majority of the population is made up of masses dumbed down by liberalism and nationalism. But trumpism is an international phenomenon. (This is also reflected in the line-up of the majority of the Cee intelligentsia behind the now ruling authoritarian power, they even swallow the privatization of universities). Since there is no mass social movement, it is a pity to blame ourselves. It's only worth thinking about cause and effect!

2. Therefore, the first task is precisely to break free from liberalism and to become an independent actor in a spiritual, political and moral sense. Working to save capitalism in the hope that in the region (or anywhere) it can be "repaired" is an very old illusion.

3. As there is no national solution to the situation and to the "structural crisis" (Istvan Meszaros) that characterizes the whole world system, *ab ovo* we must join the international socialist path-finding. We think we've been doing this for 32 years ... the result isn't assessable yet, but it's not just up to us, in fact, we only offer one option.

4. The option, the "tertium datur" (György Lukács), is to be assumed between state socialism and capitalism, and basically consists of three steps:

a. to help resurrect a broad social movement that overturns the current socioeconomic hierarchy and paves the way, in legal and political terms, for community ownership and organization in all areas of life, especially, of course, production and consumption.

b. to create a multi-sectoral mixed economy in which the market, public, and community sectors would coexist for some time, but the state supports socialist community society initiatives

by “controlling” capital accumulation.

c. the very expected (“very ugly”) collapse of capitalism presupposes international solidarity, since, within a national framework, capital and the traditional state that represents the interests of capital smash all socialist-community and initiatives based on non-private ownership.

These would be the first steps in building a self-governing society on a social scale.

Now, unfortunately, debates about “what can be done” can be held without much risk... because there is no major social mass movement yet that wants to take control of its own living conditions. From the bottom up, choices like illiberal PM Orbán or other neoliberals, Putin or Navalny, Poroshenko or Zelensky, have no significance. Especially since the political alliance of liberalism and the far right was formed in the Maidan of Ukraine as part of the Orange Revolution with American support and even direct US intervention. The most successful Soviet republic became the most unsuccessful system-changing republic.

The reasons need not to be presented here. In any case, it is good to think of them. At least we think and we act not supporting the capitalist parties, although we are joining forces with all anti-fascist forces on many issues, as the option outlined here is more likely, at least initially, to have a new fascist far-right proliferation, which we are already witnessing because the social

buoyancy of Capital against the left ultimately invented the antidote. We consider the Cee social movements as part of the World Social Forum process.

On 8th May 2021 the Prague Spring 2 Network via virtual Zoom conference held a commemoration of the end of WWII entitled “Never again! We need a new détente!” In the webinar the speech of Tamas Krausz, historian, Professor of University Elte, Hungary was read by Matyas Benyik. For further details please visit this link:

<https://www.attac.hu/2021/05/tamas-krausz-the-origin-of-the-second-issue-of-cold-war-and-the-need-for-a-new-antiwar-movement/>

Matyas Benyik is Chairman of Attac Hungary and Member of the Hungarian Social Forum (Hsf) Network. Being an economist, he is specialized in trade policy issues and economic integrations. He participated in several international campaigns. His Marxist political orientation goes back to his youth. From 1972 until the end of 1980s was a member of the Hungarian Socialist Workers Party. His political activism continued after the system change in the civil sector, namely in Karl Marx Society/Hungary, where he is a board member now.

How the European Union is changing: some reflections

Paola Boffo

The pandemic and the European Union's response

With the decision of the German Constitutional Court of 15 April 2021, published on 21 April 2021 (1), ruling on the appeal filed by Bündnis Bürgerwille (Citizens' Will Alliance) a German ultra-right group led by Berndt Lucke, an obstacle in the path of the Bundestag's ratification of the EU Council's own funds decision was overcome. Germany ratified the EU decision on 29 April.

Council Decision 2020/2053 of 14 December 2020 on the system of the European Union's (2) own resources will enter into force on the first day of the month following receipt of the last notification of the completion of the procedures required by the constitutional rules of the Member States.

Ratification is necessary mainly for Article 5, which introduces extraordinary and temporary means to respond to the Covid-19 crisis, i.e. Eur 750 billion governed by the Recovery and Resilience Facility (3) (Rrf), to be borrowed by the Commission on behalf of the Union, the repayment and interest payments of which are to be borne by the Union budget.

The repayment of the loans starts in January 2028 and ends in 2058, but the Commission hopes to be able to repay using the revenues from the new common taxation instruments and not through an additional contribution from the Member States. The creation of new own resources will allow the debt to be repaid, saving the EU budget and relieving the fiscal

pressure on national treasuries and EU citizens; the creation of new own resources is the only repayment method acceptable to the European Parliament and many national parliaments.

After an initial phase of unpreparedness and inadequacy of the common response to the coronavirus pandemic, the Commission has taken meaningful (4) measures, starting with those possible with the same budget, such as the activation of the safeguard clause of the Stability and Growth Pact (5) and the introduction of a temporary framework for State Aid.

These initiatives have expanded the fiscal capacity of states, opening up the possibility of borrowing and financing businesses, for example for the production of personal protective equipment and respirators, and undertaking measures to support workers and families for activities that had stopped due to lockdown.

States' borrowing capacity was supported by the European Central Bank with the introduction of the *Pandemic Emergency Purchase Program*, a temporary securities purchase program with a budget of 1.850 billion, which will continue at least until the end of March 2022 and, in any case, until the critical phase linked to the coronavirus is deemed to be over; the Ecb will continue to reinvest the capital repaid on maturing securities under the Pepp at least until the end of 2023 and, in any case, the future reduction of the Pepp portfolio will be managed in such a way as to avoid interference with the appropriate monetary policy stance.

Innovative initiatives for recovery

But there was a need for “innovative” proposals to pool the debt needed to finance the recovery: the coronabond hypothesis was proposed by Italy and supported in the letter (6) sent to Council President Michel, together with Belgium, France, Greece, Ireland, Luxembourg, Portugal, Slovenia and Spain, which reads “In particular, we must work on a common debt instrument issued by an EU institution to raise resources on the market on the same basis and for the benefit of all Member States, thus ensuring the stable and long-term financing of policies useful to counteract the damage caused by this pandemic”.

A very tough negotiation took place between the bloc of signatories to the letter, who demanded that the money be available not only as a loan, and the Netherlands and its allies, Denmark, Sweden and Austria, the so-called Frugal Four. The Commission had presented a proposal for a major recovery (7) plan on 27 May 2020, but it was not until the EU Council of 17-21 July 2020 that political agreement was reached on the creation of the Next Generation EU (Ngeu), integrated into a “powerful, modern and renewed” long-term EU budget, albeit with a reduction in planned resources.

The Facility implies a redistribution between states. Funding will go to the “most affected sectors and regions” and countries will receive it according to need: the Rrf allocations are set on the basis of the Commission’s distribution criteria taking into account population, the inverse of Gdp per capita, the average unemployment rate over the last 5 years, the fall in Gdp in 2020 and 2021. But states will be jointly and severally liable, via the Commission, for the reimbursement. The difference between what a country will get and its contribution to the reimbursement is a real potential transfer of resources between countries. Italy will receive the largest share, about 20.45% of the total resources: it is the only country that is usually

a net contributor, which in this case becomes a net beneficiary.

The power given to the Commission to borrow on the capital markets on behalf of the Union puts in place a piece of common monetary policy, with the issuing of securities and the management of loans, and a fiscal policy, with the definition of policies and guidelines for investments. Although the EU has already issued bonds (69 billion in 2010-19), with this Instrument the issuance has increased tenfold.

Deepening Economic and Monetary Union

It is useful to recall that on 6 December 2017, following the commitment to deepen Economic and Monetary Union made by President Jean-Claude Juncker in his 2017 State of the Union Address, which built on the Report of the Five Presidents (8) , and subsequently in the “Reflection Paper on Deepening Economic and Monetary Union” (9), the Commission had presented a roadmap for deepening the Economic and Monetary Union (10) and a number of concrete measures to be taken over the next 18 months, that is, until June 2019.

However, the Roadmap did not go very far and the only concrete, but partial, result was achieved on 27 January 2021, when Member States’ representatives signed the amending agreements to the Treaty establishing the Esm and the Single Resolution Fund Agreement, for the Esm to provide joint support to the Single Resolution Fund through a credit line from the beginning of 2022, two years ahead of schedule. It is worth recalling here the proposal for a regulation (11) establishing a governance framework for the (“Budgetary instrument for convergence and competitiveness” the “Bicc”), which aims to support not only structural policies but also public investment in Member States whose currency is the euro through the provision of funds for specific projects.

The proposal, which never materialized, envisages the adoption of strategic guidelines

for reform and investment priorities for the euro area as a whole. In a second stage, it envisages “country-specific guidance” (Csg). In a second step, it envisages country-specific guidance (Csg) for individual euro area Member States, consistent with the strategic orientations and (“Country-specific recommendations” “Csr”) of the Council. On the basis of the Csgs, Member States would then identify possible reform and investment packages for consideration by the Commission. The Council would decide following discussions in the Eurogroup and on the basis of the Commission’s initiative.

This is the logic that was put in place to counter the economic and social crisis resulting from the pandemic. The instrument that was designed to react to economic shocks that could not be managed at national level was launched with the Ngeu, overcoming the resistance of many Member States only in the face of a very serious crisis that endangers not only many lives but also the very survival of the Union.

As can be read in the Ecb Opinion (12), one of the last signed by Mario Draghi as President, “...further discussions are needed, including beyond the Bicc, on how to establish a macroeconomic stabilization function, which is still lacking at the euro area level. Such a function exists in all monetary unions in order to better react to economic shocks that cannot be managed at national level. ...a balance-sheet stabilization function should be of sufficient size”.

In that vein, in his recent and first speech at the Euro Summit on 26 March, where the international role of the euro was discussed, Draghi himself, now head of the Italian government, drew attention to the need to issue Community debt, through the creation of a common bond, a Eurobond against a common budget: “a sort of Eurobond is what is used for Ngeu, but we need to understand whether it is a one-off initiative or establishes a procedure that continues”.

Europe of States vs. European Union

In the Meseberg Declaration of 19 June 2018 “Renewing Europe’s promises of security and prosperity” (13), Angela Merkel and Emmanuel Macron had proposed to establish a Budget for the Eurozone, as a tool to promote competitiveness, convergence and stabilization, supporting investment in innovation and human capital.

In March 2021, Spain and the Netherlands (14) shared a non-paper “Spain-Netherlands non-paper on strategic autonomy while preserving an open economy”, which from the opposing sides of 2020 found themselves sharing a common 13-point position urging member states to keep their economies open at a time when the EU is seeking to become independent from global powers such as the US and China on issues such as technology, vaccine production and energy.

Again, it is clear that the EU’s strategic autonomy cannot be separated from an autonomous fiscal capacity to finance a common budget of “sufficient size”.

Between Merkel’s withdrawal from the political scene and Macron’s increased focus on domestic politics in the run-up to the French presidential election, the unprecedented Hispanic-Dutch alliance creates a new axis, which also breaks down the North-South divide. On the other hand, Merkel said she was open to a revision of the treaties, in her speech at an Epp (15) meeting during the Conference on the Future of Europe (16), and President Sassoli also said in his opening speech at the Conference on the Future of the Union that the Treaties are not intangible.

We can hope that Schauble’s opinion expressed in his “Non-paper for paving the way towards a Stability Union” (17), namely “Debt mutualisation would create wrong incentives, raises fundamental legal issues and would therefore put the stability of the whole Euro area at risk. Whatever the future name will be: For European Safe Bonds or Sovereign Bond

Backed Securities (some would call them “new Eurobonds”) there is no demand in the market. We must be able to create real stability through reforms, not through complex and expensive financial engineering” is destined to be put aside?

Notes

1. Press release of the Court <https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/DE/2021/bvg21-029.html> english version: <https://www.bundesverfassungsgericht.de/SharedDocs/Pressemitteilungen/EN/2021/bvg21-029.html>
2. The decision can be consulted at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32020D2053&from=IT>
3. The Regulation establishing the RFF can be found here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0241&qid=1620836901260&from=EN>
4. In addition to the ones mentioned in the text, the following are mentioned: the strengthening of Cohesion Policy through the use of the flexibility margins of the

2014-2020 budget with the Coronavirus Response Investment Initiative, the Sure package to grant credit to States to finance hourly work reduction schemes and cope with sudden increases in public spending to maintain employment, the Pandemic Crisis Support Credit Line of the Esm, the Eib Small Business Finance Fund.

5. The legal bases of the Stability and Growth Pact can be found at: https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/eu-economic-governance-monitoring-prevention-correction/stability-and-growth-pact/legal-basis-stability-and-growth-pact_it

6. The text of the letter can be found here: https://www.governo.it/sites/new.governo.it/files/letter_michel_20200325_eng.pdf

7. The Commission Communication “Europe’s moment: Repair and Prepare for the Next Generation” can be read at: <https://eur-lex.europa.eu/legal-content/en/TXT/>

Paola Boffo has an economic background and she is engaged in employment policies, social and economic inclusion and fight against poverty, and coordinated the Italian node of the project for a European Minimum Income Network. As a component of Transform! Italia, she follows in particular the institutional framework and policies of the European Union, regional disparities and social policies.

The future of Europe: no adjustments, but another European construction!

Vincent Boulet

For another European construction

The European left has always spoken out against the liberal principles that underpin European construction and against the content of European rules and treaties. If the European bourgeoisies are forced to abandon part of their content, or even to propose a reform, the European left must seize this opportunity to put forward proposals for another European construction. They do not aim at a simple adjustment, but a rupture with these rules, a concrete questioning. Another European construction must be based on other principles, not on the setting of workers against each other but on cooperation between sovereign and associated peoples and nations. In other words, it calls for a break with the European liberal rules and treaties.

1. Exiting the crisis by mobilising financial means

The crisis exit policy, the means implemented for this purpose and their use cannot be based on the current European rules, nor on the European policy pursued since April 2020.

a. Putting financial resources at the service of the Member States.

The current monetary creation policy of the Ecb accentuates European imbalances because it is essentially at the service of German financial

capital. Redirecting the financial means of the Ecb implies several fundamental changes:

- Change the statutes and missions of the Ecb by putting an end to its “independence”.

The Ecb must be placed under the control of the European Parliament and the parliaments of the Member States. Monetary policy must be under democratic control. This implies putting an end to the institutional and legal independence of the Ecb (1) and amending Article 130 of the Treaty on the Functioning of the Eu. The Ecb’s main role has been reinforced in recent years by the development of money creation operations since the 2009 crisis, which have now become a cornerstone of European capitalism. The debate on the status of the Ecb is therefore resurfacing. While some form of operational leeway is possible, political control over monetary policy strategy and the use of funds is a democratic imperative.

- The Ecb as a financier of member states

The Ecb should be able to subsidise states that contract perpetual (unredeemed) debt with it at 0%. Article 123 of the Treaty on the Functioning of the EU should therefore be abolished. This would free member states from the control of the financial markets, which are currently their only source of debt financing. This situation increases the burden of debt on states as they are dependent on interest payments to the financial markets. Even if the Ecb buys back the debt contracted by governments on the financial markets (2), making negative or very

low interest rates possible, the financial markets still have a say over governments because their public debt is always issued on the primary market.

- Fighting tax evasion by means of an international tax Cop (Conference of the Parties)

Tax evasion represents more than 800 billion euros per year, including 120 billion for France. There is an urgent need to finally open the door to tax harmonisation in Europe by introducing maximum rates for all indirect taxes (Vat and other consumption taxes, including green taxes) and minimum rates for direct taxes (income tax and corporation tax), and to introduce a withholding tax on multinationals with a minimum rate of tax on profits that will put an end to the fact that the EU is undoubtedly the area with the highest tax competition. The recent G7 announcements are highly inadequate and do nothing to resolve the issue. But the issue is now on the table. It would be a strong commitment to collectively promote the idea of an international tax Cop (Conference of the Parties) to finally put finance at the service of the general interest.

b. A new European recovery plan that meets the challenges and respects the democratic sovereignty of the States

These financial resources can finance another, much more ambitious European recovery plan, free from the control of the financial markets and the rules imposed by the European Commission and the Council of Europe, based on social, productive and ecological requirements.

- In the form of subsidies or 0% perpetual debt

This plan cannot be another weapon of federalist domination, as the current European recovery plan is designed to be. It must not be part of the European semester, nor controlled by the European Commission. Nor should it include an envelope of repayable debt; it should be

made up of perpetual 0% aid or loans to states.

- A social and ecological framework

This plan consists of direct grants to states used within a social and ecological framework set by national parliaments and the European Parliament, for example to redirect funds towards the following objectives:

- Support for workers' incomes, social security and pension systems
- No one should live below the poverty line in Europe
- Funding for investment in public services, health and medicines, education and transport
- Funding for industrial development planning and ecological transition, ensuring reindustrialisation.

Citizens and workers must be able to control the use of funds to defend jobs.

c. Emergency social measures

This recovery plan is supplemented by emergency social measures grouped in a European social framework directive including:

- A ban on economic redundancies for the duration of the crisis (on the model of the measures taken by the Spanish and Italian governments)
- The permanent employment contract as a norm
- Protection and restoration of collective agreements
- A ban on relocations within the EU
- The constitution of industrial cooperation on the production of vaccines in a public framework ("Vaccine Airbus") and of a public pole for medicines in Europe.

2. New democratic principles

The European treaties and rules built since the Single Act and the Maastricht Treaty must be abolished, to make way for new mechanisms of

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cooperation between the peoples and nations of Europe.

a. Reject any return to the Maastricht budgetary framework, even if it is modified

The Stability and Growth Pact is currently “suspended”. The Commission is currently considering its return by 2022. It is possible that it could be adjusted to take account of calls from some countries, including France (see above), bearing in mind that such changes are subject to German agreement, which is by no means guaranteed, even if there is a change of government after the September 2021 federal elections.

In any case, it is necessary:

- to oppose any return to the Stability and Growth Pact, the Budgetary Pact, the 2-Pack and the -Pack, either in their original form or with more or less significant adjustments.
- to abolish the European semester and its austerity “recommendations”, based on the principle of non-regression recognised in the 1989 Community Charter of the Fundamental Social Rights of Workers (3).
- to abolish the golden budgetary rules

b. A democratic framework representing the citizens of the Member States.

The conference on the future of Europe is being used by Macron to try to impose himself, on the 2022 elections, as a major player in the relaunch of liberal European construction, including in the face of the Germans. This conference is very much marked by the “post-national” temptation that is making a strong comeback in the conception of European recovery policies.

It is important to put forward concrete proposals for rebuilding another European, based on a political method.

This could, for example, take the form of convening an Assembly of the Peoples of Europe composed of representatives of the citizens of the Member States, as are the national parliamentarians, to determine new

democratic and social principles governing European cooperation between the nations of the continent. This would meet the need for association between the nations, while respecting their sovereignty.

c. A new framework for co-operation between sovereign and associated peoples

The European cooperation to be built must be based on several principles:

- Alignment with the best social and ecological conditions

European cooperation must no longer be based on budgetary rules, nor on the neo-liberal principles of free and undistorted competition and the single market, which have been the principles of liberal European construction since the 1980s.

On the contrary, the construction of Europe must be based on the principle of upward convergence, in social, democratic, ecological and rights terms. We are not seeking “harmonisation” but alignment with the better. For example: on wages, including the minimum wage, pension and social protection systems, gender equality, etc.

- Europe with a chosen geometry

The framework of European cooperation must guarantee that each people will never be dragged into a vicious circle leading to a model of society that violates its essential choices.

Any European orientation determining the future of a member country must be the result of decisions taken freely and in full knowledge of the facts by the citizens concerned, involving the national parliaments and the European Parliament.

It must therefore be possible for these choices to differ from one country to another: on whether or not to adopt the Euro, on whether or not to enter into defence agreements, on public services, on wages, etc.

No choice is irrevocable. Unlike the logic of memoranda which bind future governments to the decisions taken by a given government, the peoples and the new political majorities retain the right to go back on this or that aspect of European cooperation.

- A new conception of the Euro: a common currency, not a single currency

The reform of the Ecb's tasks must lead to a thorough reform of the Euro, to remove its punitive, neoliberal and domineering aspect. The unitary and neo-liberal conception of the Euro is a crisis factor because it accentuates the economic and social divergences within the monetary area.

This new conception of the Euro is based on two principles:

- States use the Euro in their international transactions.
- They recover the possibility of using the exchange rate lever in their internal national space, according to their own social and economic needs.

This new architecture makes it possible to go beyond the "to leave or not to leave the Euro" debate and avoids making wages the adjustment variable of "competitive devaluations".

d. A Europe in a broad area of cooperation and collective security

Europe is not just the European Union. The EU member states are part of a wider geopolitical space, including the Western Balkans, as well as their eastern neighbourhood (notably with Russia) and the Mediterranean.

- Exit from Nato and dissolve the machinery of "European defence"

European countries must withdraw from Nato's tutelage. Nato is war. Nato must be disbanded.

Europe must be rid of Nato.

We are opposed to the mechanisms of "European defence", designed to give the EU "strategic autonomy", "in coordination with Nato". European defence is already reflected in the establishment of a "European Defence Fund" to be endowed with 7 billion euros (2021-2027) to stimulate research on military technologies, and joint military projects.

- A treaty on peace, cooperation and collective security

The European states and their neighbours convene a conference on cooperation and collective security, in the same vein as the Helsinki Conference of 1975, with the aim of negotiating a pan-European peace, cooperation and collective security treaty, including, beyond the European Union, all European countries and their neighbours, including Russia.

- Respect for international law and UN resolutions

Foreign policy belongs to the Member States. Cooperation is possible and necessary for:

- Respect for UN resolutions, for example on Palestine
- A global ban on nuclear weapons (signing of the Tian Treaty)
- Banning arms exports to war zones
- The dissolution of Frontex and the rejection of the September 2020 pact on migration and asylum; for the more humane regulation of migration.

In other words, we do not need adjustments that remain within the liberal logic, but another European construction, therefore a break with the European treaties and the rules that result from them in order to establish other forms of cooperation between the peoples of Europe. Instead of the budgetary pact, let us debate the Europe of our choice: no one can impose a predefined, neo-liberal "model", as it is imposed in the current European treaties; but it is up to

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the peoples to choose the basis on which they want to build European cooperation. This is not an aspirational approach. The issue of the “vaccine Airbus” and of the public medicines cluster are very strong and direct demands that can be implemented immediately.

Notes

1. The independence of the Ecb is justified as follows: “If governments had direct control over central banks, political leaders might be tempted to change interest rates to their advantage in order to promote short-term economic growth or to use central bank money to finance popular measures, which would be very damaging to the

economy in the long run” (Ecb website).

2. This repurchase policy represents 76% of Spanish debt, 73% of French debt, 70% of Italian debt.

3. “The solemn proclamation of fundamental social rights at the level of the European Community cannot justify, during its implementation, any regression in relation to the situation currently existing in each Member State”.

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Don't repeat the West's Greatest Folly. Criticism of the Chinese government may be justified, but warmed-over anti- communism will lead to a new Cold war

Michael Brie

The new US president Joe Biden recently announced his intention to convene a “summit of democracies” with the aim of reuniting the West. This time, above all against China. The European Commission, for its part, already classified China as a “systemic rival” in 2019. At the May 2021 meeting of G7 foreign ministers, the antagonism between liberal democracies and authoritarian regimes was brought into focus. For the first time since 1989 the EU imposed sanction on China together with the US. These moves represent active efforts to re-establish the fundamental liberal anti-communist consensus as the West’s common religion. In September 2019 the European Parliament passed a resolution equalizing the Soviet Union and Hitler Germany, Stalinism and Nazism as totalitarian dictatorships.

Let us begin by looking back on history. It was anti-communism that served as legitimization for the German bourgeoisie to throw itself into Hitler’s arms. Anti-communism was also cited as the pretext to abandon the Spanish Republic to Franco’s alliance with German and Italian fascism, while the “democracies” stood by and watched the slaughter and Stalin turned on and killed left-wing forces in Spain. Soon thereafter, it was anti-communism that prevented a French and British alliance with the Soviet Union to prevent the German invasion of Poland before that ill-fated date of 23 August 1939.

Anti-communism could not prevent the establishment of a Bolshevik dictatorship and the Red Terror in the Civil War of 1918–22 led

by Lenin and Trotsky. Nor could it stop so-called “collectivization” and the Great Terror of the Stalinist regime to which many millions of people fell victim, despite the fact that Stalinism unleashed provided anti-communism with illustrative material and threatened to completely destroy the European Left. By equating socialism with Stalinism, all left-wing politics were subjected to the suspicion of totalitarianism.

While anti-communism failed to prevent the crimes committed in the name of Communism, it instead made possible the great crimes of Nazism and fascism as well as World War II by preventing the West from engaging in timely resistance to Hitler. As a result of the war, Hitler’s Germany, with its policy of exterminating Jewry and Communism and enslaving the Slavic peoples, was defeated, but a whole series of states of East-Central and Southeast Europe came under the control of the Soviet Union for 40 years.

Thomas Mann, who went into exile as early as February 1933, described the fear of communism in a speech in Washington in October 1943 as “one of the greatest follies of our epoch”, a folly extending all the way back to the nineteenth century. He expressed little more than a fact when he stated that “in the eyes of Western conservative capitalism, fascism was simply the bulwark against Bolshevism and against everything which was understood by the word”. It was the “horror vocabulary ‘communism’ with which Hitler made his conquests”.

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Thomas Mann had come to understand after World War II and especially since 1933 that the defence of freedom is only possible if it allies itself with equality, social justice, and all that is forward-looking in Communism. The future, Thom-as Mann argued, belonged to communism at least “in as much as the world that will be when we are gone, whose outlines are beginning to emerge and in which our children and grandchildren will live, can scarcely be imagined without certain communistic traits, that means, without the fundamental idea of common rights of ownership and enjoyment of earthly good, without a progressive equalization of class differences, without the right to work and the duty to work for all.”. Liberty and equality would have to find “a new equilibrium”.

Mann’s epochal experience had been that when freedom does not ally itself with equality, it prepares the ground for the enemies of freedom. This complements another, no less significant, epochal experience emerging from the legacy of Bolshevism and Stalinism: namely, that equality in turn is not sustainable without freedom, as it otherwise leads to injustice and stagnation. The Soviet Union proved to be a historical dead end, as finally became evident in 1989-91. A socialism that truly seeks to overcome capitalism must preserve and develop the viability of communism as well as of liberalism.

Repeating the Same Mistake?

In 1989-90, the West missed the great opportunity to build a “common Europe-an home”, as called for by Mikhail Gorbachev, to initiate an ecological transition in time (what the Club of Rome called the “first global revolution”), and to launch an active peace policy. Instead, the “Westernization of the world” was pursued in the name of anti-communism. With new wars, systematic destabilization of states, a policy of continuous marketization and global competition, efforts were immediately made to create a new “American century”.

The final results are appalling. In ecological terms, 30 years have been wasted. The US has spent 7 trillion dollars (!) on the wars in Iraq and Afghanistan alone. The Nato allies followed into Afghanistan. Worldwide there are more refugees than at any time in the last 70 years. The capacity for global cooperation, as the pandemic shows, has declined to almost nil. Meanwhile, the US and what purports to be the “free West” are confronted with a global challenger the likes of which was never seen in the twentieth century, the People’s Republic of China. Once again, anti-communism is being used to stage a new Cold War.

China is viewed as a systemic rival that should be denied access to technology and hampered in its access to markets. The goal is military containment and en-circlement. China is accused of genocide, having no respect for human rights, allowing no democratic participation for its population, and denying freedom to its citizens. Yet these are the same Chinese citizens who, before the pandemic, met us in their millions as tourists in Rome, Paris, or Berlin, only to disappear elatedly back into their alleged domestic “prison”, a prison that Western tourists in China, for their part, experience as a haven of growing prosperity and liberal lifestyles. Meanwhile, China’s success in fighting poverty is historically unprecedented.

Anti-communism is used to construct an extreme opposition between the differences of the “West” and China’s political, economic, and cultural system (and that of other states). An “Us” versus a “Them”. An opposition between “democracy” and “autocracy”, between “freedom” and “unfreedom”, “right” and “wrong”. Raising reasonable doubts about figures published in the West concerning the extent of political repression in China or Russia is treated as complicity in the crimes. The freedom to form one’s own opinion thus becomes impossible. In the name of anti-communism, a fundamentalist conformism is being enforced in a way that is no longer subtle but brutal, according to the motto of “Whoever is not for us is against us!”. Such anti-communism is itself totalitarian.

One should also be allowed to think about the

unspeakable: Abraham Lincoln once described democracy as government “of the people, by the people”, and “for the people”.

If one compares the political systems of the United States, Brazil, India, and the People’s Republic of China, it must be possible to ask whether the system in which a single party has been in charge for decades does not also have important democratic characteristics in that it works for the people and entails their participation in “non-Western” ways. And, conversely, whether governments that emerge from free elections cannot also be oligarchic and authoritarian or act against their own people.

But what is even worse. The real dangers facing humanity and the free life of people now and in the future lie in the foreseeable climate catastrophe, in the continued destruction of states that which turns many millions into refugees, in global and domestic social division, in the uncontrolled accumulation of financial assets, the crisis of which can then drag the global economy into ruin as in the late 1920s, and in the rise of fascist regimes. These dangers lie in the build up of military confrontation. The omen posed by the mob on the steps of the US Capitol, the “citadel of freedom”, should not be forgotten.

Criticism, of course, is warranted, criticism of anti-social policies in Germany as well as of the (in)justice system in the US, which puts millions of black people in prison, criticism of the restriction of political freedoms in China or the environmental destruction being unleashed in Brazil. The list is long. But all this cannot and must not be a reason to turn it into another fundamentalist Cold War in the name of anti-communism. The attempt to start this war alone is criminal. It is foolish, as Thomas Mann said, to follow blindly those who commit such a crime.

Gotthold Ephraim Lessing, a German poet of the late 18th century, referred to the following ring parable in his tragedy *Nathan the Wise*. A

father hands over to each of his three sons a ring that supposedly gives its wearer the power to be pleasing to God and fellow men. Yet only one of the three rings was expected to have this power. Since none of the sons knew which was the “true” ring, from now on there was only one way to prove it, by the exemplary actions of the ring wearer.

If competition between states has to be, then not in the destructive form of fighting against each other, but in that of cooperation for the best and fastest contribution to preventing the climate catastrophe and stopping ecological destruction, to eliminating global poverty, to reducing military tensions and cutting military expenditures, to expanding the real possibilities of each and every person and of all peoples for a self-determined life in security and dignity. But instead of being as wise as Nathan the Jew the elites of the European Union are resembling Christian crusaders who wage a holy war in the name of liberal democracy against China, Russia and other challengers of neoliberal globalization.

The spectre of communism is used to start a new Cold War to maintain the hegemony of the US and its European allies. A struggle lost at least a decade ago, instead of boldly and wisely pursuing the path toward a multipolar world order based on cooperation and co-development.

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A plea for an alternative Ecb

Xavier Dupret

The revision of the European Union's structures, underway since 2019, has been rendered even more urgent by the accentuation, following the pandemic, of the crisis of neoliberal globalization. Among the structures of governance of the European Union, we shall point out the role played by the European Central Bank (Ecb) since the entry into crisis of financialized capitalism between 2007 and 2008.

European delay

In the wake of the collapse of Western banks during the Great Recession, the Ecb's action has taken the same direction as that taken by the Fed in the United States. For the past few years, we have been living in the era of quantitative easing programs. Quantitative easing refers to massive purchases of bonds by central banks on the markets with the aim of injecting liquidity into interbank credit circuits and thus increasing, at least in theory, the volume of loans granted to households and companies in order to support growth.

The Ecb did not start implementing a quantitative easing plan until 2015. It is true that the Ecb launched a Covered Bond Purchase Program to buy back toxic assets for around 60 billion euros, but this program had a life of one year and was, all in all, quite modest compared to the scale of the crisis.

The Ecb actually, nolens volens, relaunched a new program in May 2010. The Securities Market Programme (Smp) then saw the light of

day. The aim of the operation was to remedy the insufficient demand for the bonds of certain weakened countries in the euro zone. Due to the disengagement of the markets, interest rates on these sovereign debts had become unsustainable.

At the time, Jean-Claude Trichet, then Governor of the Ecb, insisted that the Smp was not a quantitative easing program, and he was right. It is true that the Smp was a form of Ecb activism in the secondary market for government debt, which is what quantitative easing programs are all about. Nevertheless, the excess liquidity that resulted from this scheme was subject to so-called "sterilization" programs repeated on a weekly basis. Through the sterilization operations, the Ecb acted in such a way that the additional liquidity created was removed from circulation. The recovery of liquidity through the Ecb's sterilization mechanisms consisted of borrowing from the banks by granting them access to an interest-bearing deposit. The banks were thus able to deposit their excess liquidity in accounts opened with the Ecb via a tender procedure. Through this mechanism, the Ecb bought public bonds for a total of 208 billion and also paid sympathetic interests to the financial capital of the Old Continent (1).

In November 2011, Mario Draghi replaced Jean-Claude Trichet as head of the Ecb. At the same time, the Ecb developed a new tool to revive the European economy by inaugurating a massive loan program (1,018 billion euros) to banks for a period of three years. The money supply thus created has been recovered by the Ecb as these loans have been repaid.

At this point, we can see that the objective of

sterilizing the additional money supply still dominated the Ecb's work priorities at the time, when paradoxically, the continent had to fear the throes of deflation. In fact, it was not until 2015 that the Ecb made a strong claim to create additional money supply. At that time, the Ecb launched the European *quantitative easing*, which, in two years, injected 1,680 billion euros into the markets.

It should be noted that the Fed had already been carrying out operations of this type since November 2008. Europe was way behind.

A question of mandate (and of class)

In 2008, however, it was the centrist Ben Bernanke who headed the Fed. It is true that the Fed's mandate encompasses more missions than that of its European counterpart. The Ecb's fear was that programs involving large amounts of money creation would *ultimately* lead to a rise in the inflation rate. All in all, the Ecb's focus on the fight against inflation was excessive.

This is a major difference with the Fed, which has a threefold mission: the fight against inflation, of course, but also growth and employment. This is not the case with the Ecb. Article 2 of the chapter of the Treaty on European Union detailing the functioning of the European System of Central Banks (Sebc) stipulates that "the primary objective of the Sebc shall be to maintain price stability". This same article also states that "without prejudice to the objective of price stability, the Sebc shall support economic policies (...) with a view to contributing to the achievement of the objectives (...) defined in Article 2".

Price stability and nothing but price stability is the monetary policy horizon that needs to be radically broken in Europe. Usually, when a reorientation of this type is proposed, the fear of alienating the German popular classes, who are apparently still living with the trauma of the hyperinflation that afflicted the Weimar Republic a century ago, is immediately expressed as an

objection.

However, denouncing the Ecb's unique mandate also means making the observation that anti-inflationary policies are mechanically accompanied by a disconnection of wages from productivity gains. From this point of view, the fight against inflation and the de-indexation of wages that it implies have been priorities in Oecd countries since the beginning of the 1980s, even though profit rates had been structurally falling since the end of the 1960s. The rise of precariousness, mass unemployment and wage deflation have since become the backdrop to production relations in our countries.

Not only will Europe not experience an inflationary surge if the statutes of the Ecb are modified to mirror those of the Fed (in passing, it should be noted that the United States has never been the victim of a hyperinflationary slide in its history), but such a reform will also promote financial stability (and hence investment and employment). Indeed, the fight against inflation and the wage moderation that goes with it have resulted over time in a decrease in the wage share in favor of the capital share. In Europe, the wage share has fallen from around 70% of Gdp in 1980 to 55% 20 years later. This is "a considerable transfer from wage earners to rentiers who have been able to capture productivity gains at the expense of the purchasing power of wage earners and employment" (2).

The consequence of this state of affairs is obviously that more and more wealth is concentrated in fewer and fewer hands that are always willing to take more risks in exchange for the promise of a high return on investment. Such a development is a more credible medium-term danger for European workers than an uncontrollable rise in inflation.

Of course, a change in the Ecb's mandate alone will not *ipso facto* lead to a substantial rearrangement of the balance of power between labour and capital on a continental scale. Moreover, we can suspect that if a mainstream economist such as Ben Bernanke inaugurated the policy of *quantitative easing* in the United

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States, it is not particularly with the aim of subverting the logic of accumulation of financial capitalism. On the contrary, it has been observed for some years now that the multiplication of quantitative easing plans in Europe and the United States has resulted in regular episodes of overheating of the financial markets. In the United States, the Dow Jones represented, in the first quarter of this year, 1.49 times the country's Gdp, the first time this has happened since 1948. Since 2008, the Dow Jones/Gdp ratio has risen steadily in the US (3). The same developments can be seen mutatis mutandis for the European stock markets.

The fact is that central banks are historically the emanation of private banks to protect themselves against the risk of a widespread crisis in the sphere of circulation. The appearance of central banks corresponds, therefore, to an initial creation of the market and not of the State (4). It is not surprising, therefore, that the money creation decided by the Ecb or the Fed benefits primarily the financial community.

This is the reason why it would be appropriate, for example, for the Ecb's Executive Board to associate representatives of trade unions with

the central bankers from now on. This could be food for thought for the European institutions, which are always quick to promote "diversity" within their ranks...

Notes

1. Smith, A, "The European Central Bank's Securities Markets Programme (Ecb Gfc)" in *Journal of Financial Crises*, Vol. 2: Iss. 3, 2020, p.374.
2. Savage, R and Husson, M, Salaire et compétitivité. Pour un vrai débat, *Couleur Livres, Mons*, 2013, p. 57.
3. *Federal Reserve Bank of St. Louis*, avril 2021.
4. Orléans, A, *Analyse économique des conventions*, Puf, Paris, 1994

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The great battle of green finance

Silvano Falocco

For months now we have been faced with a rhetorical counter-offensive about green finance, to which it is all too easy to reply that, in truth, nothing changes under the sun.

In truth, a lot is changing, if we understand the nature of the changes.

In the current economic and financial debate, there is a consensus that economic activity is both source and victim of climate change, the depletion of natural resources and the degradation of ecosystems. This is due to the use of fossil fuel energy, which generates greenhouse gas emissions, the extraction of resources from the earth's crust, deforestation processes, and the intensive use of land that degrades.

At the same time, climate change affects human activities, with ever higher average temperatures, weather phenomena that become extreme, hydrogeological disruptions and more frequent and intense heat waves, which cause huge economic damage; the excessive use of resources raises their price and makes it unstable.

In being both cause and victim, there is a close interconnection between economy and environment.

The economic system should always be considered from the point of view of socio-environmental metabolism: on the one hand, there are the inputs, the incoming materials (fuels, minerals, biomass), which are transformed either to increase stocks (buildings, warehouses, plants, biological product and infrastructures) or to make products, which in turn involve the return to the environment of materials in a degraded form (emissions, discharges, waste), which may be temporarily cumulative.

The only variation in capitalism is that infinite economic growth is not a paradigm that can be overcome, it is intrinsic to the model of accumulation, which always involves “creative destruction”.

Every economic activity can always be read through a balance sheet of its material flows, which can be translated into resources and uses; to these balances the financial system, in recent years, has also started to associate risk matrices. Two types of risk have been identified: the first, associated with the lack of incisive action, linked to inertia in counteracting policies; the second, the “non-action”, classified as a physical risk.

A risk linked to chronic or acute phenomena, as in the case of the occurrence of natural events, perhaps not very probable, but with a significant impact on territories, people and the economy. Physical risks involve financial intermediaries because they can damage companies' fixed assets (plants, warehouses, machinery), reduce their productive capacity, require them to meet unforeseen expenses, divert capital from innovation to reconstruction, reduce their ability to honour commitments, and generate losses on their balance sheets.

Obviously, even a sudden counteraction can be a source of risks, called “transition” risks, for the economic-financial system, as the relative prices of production inputs change, assets can be devalued and share returns can be reduced, producing losses for intermediaries holding shares in their portfolios.

The financial system, the beating heart of the capitalist economy, is particularly exposed to such risks and, in this way, can amplify the negative consequences of adverse events linked to the ecological transition, since companies always need initial financing to start the overall

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production and exchange process.

For this reason, central banks are increasingly interested in understanding how environmental risks can translate into financial risks and how adverse events can propagate within the financial system, further increasing instability.

But it is useful to know how this turning point was reached and why other economic and institutional actors failed to intervene in time.

In fact, the European Union had been trying to tackle these problems indirectly since 2001, seeking to strengthen the “single market for green products” by qualifying public demand and inviting national, regional and local institutions to adopt the Gpp (Green Public Procurement) instrument, which provides for the integration of environmental criteria into the public procurement system.

Initiated on a voluntary basis, the Gpp aimed to encourage the development of products with a low environmental impact, and to accompany companies along a transition path, without excessive shocks.

Dozens of European documents bear witness to this effort: Communication No 397 of 2008 “Sustainable Consumption and Production and Green Industrial Policy Action Plan”, Communication No 400 of 2008 “Public Procurement for a Better Environment”, Communication No 196 of 2013 “Building the Single Market for Green Products”, Communication No 640 of 2019 “The European Green Deal” or Communication No 102 of 2020 “A New European Industrial Strategy”.

The reasoning was simple: the European economy cannot compete on the side of cost reduction, so as not to compromise social cohesion, social rights and environmental protection, but must focus on the environmental and social quality of production.

The inclusion of environmental criteria in public procurement in the Member States therefore benefits European industry and the European economy, whose environmental and eco-efficiency performance is still superior to that of industries in competing countries. Such inclusion would displace non-European competitors, who do not yet have them, by directing production towards reducing

environmental costs and associated risks.

The European Union had tried to take a soft route, underestimating the difficulties of individual countries, not least because of intra-European competition, in getting environmental criteria adopted: critical points due to the lack of specific skills in public administrations but also to resistance from employers’ associations and businesses, due to the prevalence of short-termism.

The need for this transition was not perceived as necessary: it was thought that there was still a lot of time left. The interest of individual companies hindered the necessary environmental and social upgrading of the entire production system, with the associated reduction in risk.

It was at this point that some big multinational companies, concerned about the underestimation of the financial risks associated with environmental risks, began to act on their own, promoting unusual paradigm shifts, with the circular economy, promoted by think tanks such as the Ellen Mac Arthur Foundation.

The Foundation’s partners and funders are giant corporations such as Black Rock, Nestlé, Coca Cola, PepsiCo, Ikea, Unilever, Solvay, Philips, Renault, Mars Inc, L’Oréal, Ikea, Intesa Sanpaolo and others; its members are hundreds of individuals, mostly entrepreneurs.

In January 2012, the Ellen Mac Arthur Foundation published a report entitled “Towards the Circular Economy: Economic and Business Case for an Accelerated Transition”, developed by McKinsey & Company, which considers the economic and business opportunities of a circular economy, to save on material costs and increase added value, with new markets and new products.

Two years later, in 2014, the European Union, with its Communication “Towards a Circular Economy: Programme for a Zero-Waste Europe”, fully embraces that concept, to overcome the linear “take, produce, use and throw away” model, based on the assumption that resources are abundant, available, accessible and disposable at low cost.

What the circular economy promises policymakers is that it will simultaneously offer opportunities for economic growth and increased

competitiveness, sheltering businesses from resource scarcity and price volatility, combined with reduced use of natural resources, pollutant emissions and greenhouse gases.

It is a panacea that will enable the eternal promise of economic growth to be rekindled through technology by overcoming biophysical limits both on the input side (natural resources) and on the output side (sinks).

The spread of this paradigm, beyond its ambiguity (no economy is circular for thermodynamic reasons, as Nicholas Georgescu-Roegen would say) and its unanimous and uncritical acceptance, on both the right and the left, is a sign of the need for capitalist enterprises to reduce the systemic risks associated with environmental risks, which are no longer negligible.

It is precisely the fallacy of these attempts - the Gpp on the one hand, and the circular economy on the other - that has brought finance directly into the picture: for some years now, credit and financial operators (central banks, banks, insurance companies, asset managers, pension and medium/long-term savings managers) have been pointing out that “non environmental enterprise” are, for those who invest, grant credit or insure, highly risky.

They are even when their balance sheets present seemingly positive numbers, because those numbers hide “environmental liabilities” that will be reflected, sooner or later, in their balance sheets, endangering their ability to pay back.

In order to reduce the risks involved in financing investments, these operators want the question to be answered: what to finance?

In order to provide guidance to investors' choices, in June 2020, European Regulation No 852 came into force, which identifies the six environmental objectives that every company should demonstrate it wants to protect - climate change mitigation and adaptation, circular economy, water and marine resources, pollution control and prevention, biodiversity protection - for the purposes of environmental taxonomy: to be considered environmentally sustainable, an activity must contribute positively to at least one of the six objectives, not produce

negative impacts on any other objective (*do not significant harm*) and be carried out in compliance with minimum social guarantees.

In April 2021, two delegated acts were issued detailing the technical criteria, the threshold values according to which specific economic activities will be declared ecological and thus eligible for financing because of reduced risk.

Finance, the nerve centre of capitalism, is taking on the task, in the first person, of “putting order” in the productive system, which has not wanted to do so spontaneously and with more time at its disposal, by expelling the riskiest, through credit rationing.

One can react to this new phase by saying that it is a great dissimulation operation, of greenwashing, or argue that the planet will not gain any benefit from it, because gains in eco-efficiency do not automatically translate into absolute improvements, in fact the opposite is generally true; in truth, the dynamism of finance and enterprise will indeed produce visible effects.

We will be forced to understand this counter-offensive in order to be able to counter it. We will be forced to rethink the close link between needs, rights and capacities, to connect environmental justice and social justice, to rethink who and how can decide what and how to produce, inside and outside the places of production, how technological trajectories can be conditioned in order to reduce the overall environmental footprint, the relationship between private and collective goods, and how the production of goods can be freed from the needs dictated by accumulation.

To claim that “nothing has changed”, as if capitalism were standing still, is not the right way forward.

After all, the ecological issue is the main battlefield, it is just a matter of knowing how to fight it.

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The EU: where to?

Mamdouh Habashi

To the question, “the EU where to?” there is no definitive, binding answer, because it hinges on several factors. That said, we can already narrow the answer down to two diametrically opposed directions. There is only either a Europe of capital, which is becoming more and more involved in the imperialist destructive project, or a Europe of socialism, which would determinedly aim at a socialist world order in tandem with the rest of the world. What the latter goal depends on I will now discuss, as it is obviously a difficult but unavoidable task for the radical left in Europe. To do so, I need to hark back to the post-war history.

The project of the “European Community” has been a project of capital from the beginning. The reconstruction that occurred in the post-war period required capitalist forces to work together: the first community for coal and steel was created in 1951; and then a common market was decided in 1957, common policies in 1973, up to the Maastricht Treaty in 1993. So the emergence of transnational capital in Europe took place in the famous three post-war decades, a time of economic miracles before the outbreak of neoliberalism.

The fact that in this era of the Cold War Washington dominated the capitalist world and not merely led it economically was not viewed as controversial at the time. Europe’s economic miracle automatically and slowly gave space to the voices, naturally in the European capital camp, that called for more independence and sovereignty, even a little more “equality”. With the end of the post-war period in 1975 (the first G7 summit), the beginning of the neoliberalization of the world economy, the

dismantling of the Bretton Woods agreements, etc., this goal suffered a setback. The EU of capital that emerged is therefore to this day unable, not to say unwilling, to emancipate itself from US dominance.

People speak in this context of the competition between American or transatlantic capital (Usa+Uk) and European (EU) capital, as if the left in Europe had not played a role since then. This is of course not true. The European left played many positive and negative roles in the post-war period until 1975 and after. I won’t go into the positive roles as these are hardly controversial, but rather I will delve into the controversial issues.

Towards the goal of achieving the Europe of socialism the following issues should be debated among the radical left:

1. Let us start with so-called Euro-communism. Of course, the lack of democracy in the states of “actually existing socialism” was an issue that should have been discussed among comrades all over the world, but was not. Thus, the new talk about democracy bore its fruits for the anti-communist camp. The campaign waged by the right on “actually existing socialism” led the European left, not only the social democrats but also the more radical communists, to support it. With the entry of the European communists into this campaign, the consensus became widespread which unfortunately lent credibility and acceptance to the hypocrisy of European social democracy, the right wing anyway. This state of affairs popularized the association between socialism and lack of democracy.

2. The new globalization cannot be separated from the unilateral control of “collective imperialism” (Samir Amin’s coinage) over the natural resources of the planet. Hence the paradox of the centre/peripheries, or in today’s parlance the North/South struggle, which is pivotal to any change in the nature of capitalism as it exists today. This globalization requires more than ever a “military control of the world” on the part of the collective imperialist centre.

3. The monopolies not only control economic life in the countries of the “triad” (Usa, EU and Japan; see Samir Amin), but also control political power in a way that serves their interests. The political parties of the right and left concede this to them. This situation is considered “legitimate” now and in the foreseeable future, although it means the erosion of democracy. It is a situation that will not be challenged until some forces, at some point in the future, emerge, making it a priority on their agenda to defy this power of the plutocrats and to socialize the management of monopolies.

4. The appropriation of environmental thinking by popular, even populist, ideology is taking place on two levels: first, by transforming the use-value calculation into a purely improved exchange-value calculation; and second, by distorting or disguising the ecological challenge into a “consensual” ideology. Both processes obscure the absolute opposition between capitalism and ecology.

5. One of the first strategic goals of the progressive forces in the North and in the South is to defeat the forces of the triad, and to force the Usa to give up its military bases around the world and dissolve Nato. This is unfortunately still a subject of debate among the left in the North.

6. Historical capitalism can be described as anything but sustainable, as it is only a passing phase in history. The radical challenge to capitalism, which contemporary thinkers do

not consider possible or even desirable, is the necessary condition for the emancipation of workers and peoples of the periphery (75% of humanity). It is not possible to take up this challenge without the two main actors (the workers of the North and the peoples of the South) coming together.

Unfortunately, at the moment it is not certain that this convergence will take place in the foreseeable future. Erhard Crome had already in 2016 expressed this state perfectly “Today, right-wing parties claim that the wealthy European countries have the right to defend their way of life and to resist those refugees who want to live in Europe as they do in their own countries”.

We are dealing with a post-Marxist working class “which today believes neither in its vanguard role nor in an anti-capitalist revolution” and “has no reason to be internationalist” (1). In the absence of such a convergence, capitalism will lead us to the destruction of civilization and perhaps even of life itself on earth. In those countries of the South where power follows the demands of the popular classes, the struggle of states and nations for globalization without dominance and hegemony, the present form of delinking, can only somewhat limit the capabilities of the generalized monopolies of the imperialist triad.

The progressive forces in the North must concertedly side with the countries of the South in this conflict. The “democratic” discourse proposed by the North and adopted by the majority of the left movements, as well as the humanitarian perspectives and miserable aid, does not provide an adequate response to this challenge.

The International (2)

The advances made by the awakening of the South in the postwar era were unsustainable not only due to their internal contradictions but mainly due to the Cold War conditions. The dynamism of this first wave of liberation

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was slowed down or halted as a consequence of the constant hostility of the imperialist states towards the South. We must admit that this hostility, which did not stop at outright wars, was supported or at least accepted by the “peoples” of the North. Of course, the peoples of the North, benefiting in imperialist rent, were therefore prompted to abandon the international orientation.

The communist minorities, taking a markedly different position, failed to attract effective blocs around them. The broad accession of the social democratic parties to the “anti-communist” front contributed to the success of the capitalist authorities of the imperialist camp. However, social democracy was not rewarded for its position. As soon as the first wave of conflicts of the twentieth century collapsed, monopoly capital abandoned the alliance. Yet the social democratic parties did not benefit from this defeat by radically changing their position towards more internationalism and genuine solidarity with the South. On the contrary, they decided to surrender and slide into the familiar “liberal/social” positions. This is the proof of the decisive effect of the imperialist rent on the reproduction of northern societies, to the point that this second capitulation no longer has the character of a tragedy but of a farce.

The second wave of the awakening of peoples, nations and peripheral states in this XXI century is therefore not in a better state, indeed possibly much more difficult than the previous one. European involvement in the American project is exacerbated by the US ideology of “consensus”. Namely, submission to the requirements of the power of generalized monopoly capitalism, the adoption of political presidential systems, or similar, that undermine the already questionable effectiveness of “democracy,” the exaggerated praise of individualism in connection with inequality, etc. The subordination of the Nato countries to the power dictate of Washington is rapidly intensifying in the countries of the European Union. This represents precisely the basic element of imperialist globalization.

Under these circumstances, the defeat of this

“war project” will be the first priority and the prerequisite for the second wave of liberation waged by the peoples, nations and states of the three continents. Failure to do so will leave current or future achievements fragile and uncertain. Accordingly, the “repetition” of what happened in the twentieth century cannot be ruled out, despite the difference between the conditions of our time and those of the twentieth century.

However, this tragic scenario is not the only possible outcome. If the achievements of the South on the three continents lead to an effective reduction in imperial rent, the peoples of the North, particularly in Europe, will better understand the bankruptcy of the policies of subjugation to the capital requirements of generalized imperial monopolies.

One can imagine that the legacy of European political culture, very different from that of the United States and not entirely depleted, can/will revive the international consciousness that meets the demands of the globalization of workers and peoples. The European radical left must ideologically and politically take its place in this great movement for the emancipation of peoples and workers. The ideological and cultural struggle for this revival in order to achieve the strategic goal of building the Fifth International will be crucial in this regard. Many initiatives around the world, including by the author of these lines (Habashi 2018; 2019) (3), have devoted themselves to this goal in recent years.

Conclusion

Since the end of the Second World War, or, more accurately, since the end of the Third International (1943), most of the Marxist left in Europe, while they have not completely abandoned Karl Marx’s principal slogan “Workers of all countries, unite,” have reduced it to humanitarian aid and verbal expressions of solidarity. This shift ideologically contributed to their proximity to social democracy, to the

alienation of their own Marxist profile, and to the loss of compass on essential, decisive questions.

The negative development of today's EU can only be halted and remedied by the European radical left if they manage to bring about a significant change in the political balance of power. This is only feasible if they agree on the inevitable issues posed here, and much more.

One final question remains, to be explored in a separate debate: can the European radical left achieve this goal within the framework of the notoriously little "democratic" construct of the imperialist EU? I doubt it.

Notes

1. <https://monthlyreview.org/2019/07/01/toward-the-formation-of-a-transnational-alliance-of-working-and-oppressed-peoples/>

2. <https://monthlyreview.org/2019/07/01/toward-the-formation-of-a-transnational-alliance-of-working-and-oppressed-peoples/>

3. <https://www.tandfonline.com/doi/full/10.1080/14747731.2019.1656437>; <http://partidodeltrabajo.org.mx/2011/seminarioXXIII/site/docs/2401.pdf>

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Left Proposals are not enough, we need strategies to enforce them

Cornelia Hildebrandt and Marga Ferré

The crises are increasing: financial and economic crises of 2010, crisis of state indebtedness with the potential of triggering social crises in the wake of the austerity policies such as the one in Greece, global warming and imminent ecological crises. New cold wars are sparking new and old conflicts. All this is now accelerated by the Corona-crisis which can be seen as a summarizing expression of a fatal global and imperial mode of production and way of living. The virus is not the reason for the crisis, but rather its accelerator, and based on the painful lessons learned during the crisis that began in 2008, it is clear that the austerity measures previously imposed are not acceptable today. Perhaps that is why Klaus Schwab, founder of the Davos Economic Forum, has declared that “neoliberalism is dead, it is a thing of the past”, announcing the need, even for the ruling elites, of a paradigm shift that tries to give way to capitalism in crisis.

We have seen how the reaction of many governments during this pandemic has been to increase public spending for social protection systems and give money to affected economic sectors. A kind of neo-Keinesianism is running through the finance ministries in response to this crisis.

From *Trasform* we analyse that it is not a question of returning to Keynes, but of proposing, starting from the parameters of this crisis, that the way out of this crisis must come from a realistic vision of economic democracy, from social ownership.

An idea that we gather from the environmental movement and the theory of common goods, that is, that health, education, but also water, energy,

housing ... are conceived as common goods that challenge us to manage them democratically and participatory. Discuss the role of the state, the public sector, the democratic orientation of the recovery funds, the social economy. We understand that for democracy to prevail over markets, it is necessary to dispute the hegemony of private property in competition, as the sole manager of reality.

Because, in addition, it is inevitable: the climate catastrophe inevitably leads to a change of course in the way of producing and consuming in the world and it is evident that this socio-ecological transformation will not be carried out by the free market, on the contrary, only it can be done from public or democratic intervention in economic decision-making.

We need to rethink proposals like this one because even the Oecd warns of a profound change in the economy, speaking of a double transformation: the trend towards green capitalism and digital capitalism; both force us to rethink the world from a perspective of transformation that, from our point of view, must be socialist, feminist and ecologist.

The concentration of capital is accelerating, reinforcing the oligopolistic power of large corporations, especially in the platform economy, which challenge us to act in favour of a democratization of economic decision-making processes. Small and medium-sized companies are one of the big losers in this crisis and are seriously affected by the lockdowns, generating even more uncertainty about the political forms that can give expression to discontent.

At the same time the role of the EU as a global actor is changing. The share of the EU of the

global Gdp fell from 26% (in 1980) to about 15% (in 2020) (1), which means that neither better jobs nor social cohesion were a topic even before the Corona-pandemic. Among others the dismantling of the health care system for decades had dramatic consequences – not only in the countries of the European South. The Czech Republic, Belgium and Italy are among the countries with the highest number of Corona-deaths per million inhabitants. The unemployment rates are as high as 15% in Spain and Greece, followed by Italy with 11% and Sweden, Lithuania and Latvia with more than 8%. In 2019 the percentage of those threatened or affected by poverty was 30 or more percent in Greece, Romania or Bulgaria, 25% in Spain, Italy, Lithuania and Latvia and merely 15% in Slovenia and the Czech Republic. This means that social inequality continues to increase in all parts of Europe at high speed, in the North, South, East and West. At the same time political polarisation is growing along with social polarisation as could clearly be seen in the North-South-divide that opened up in 2014: in the South protest is left-wing, while it tends to be right-wing in the North. Today – in 2021 – the political dynamic is shifting in favour of the right-wing parties and movements in most of the countries of the EU and new alliances emerge or become possible such as the one between the Polish national-conservative PiS, the Hungarian right-wing conservative Fidesz and the Italian nationalist Lega (2). Similar approaches were made by Matteo Salvini (Lega) already in 2019 towards the German AfD and the Spanish Vox. Also among the countries of the EU tensions and tendencies towards disintegration surface more often, not least in the haggling over the amount and weighting of the EU-budget and the amount and direction of the Corona-relief-programmes.

But precisely for this reason it is remarkable that in 2021, unlike in 2011, the Stability and Growth Pact was suspended and a reconstruction programme of more than 750 billion Euros (Next-Generation-Programme) was adopted, along with national recovery programmes in all

the EU-countries. That is, the rules and dogmas of austerity that had been in force for more than twenty years were suspended, at least for the moment of the crisis. However, whether this is only a moment of “respite” on the way towards a modified return to austerity or whether this will become a window of opportunity for the necessary social and ecological changeover with new regulations and instruments, will eventually be decided by existing power relations and therefore also depends on the strength of a broad left and its capacity to mobilise.

The questions are: Can the left make use of this window of opportunity for leftist interventions in favour of social and ecological transformation? How will they have to organise without the support of huge mass movements against austerity policies? How do the parties of the radical left succeed in linking national and European political approaches more strongly? (3).

Other than in 2019, the left in 2021 is on the European level, not split into different projects competing with each other. At the same time, however, and also caused by Corona, left dynamics are missing on both national and European fields of combat. The cycle of successful massive protests which led to government participation of the left, first in Greece and later in Spain, and to a support of the Socialists in Portugal, has been exhausted. Even if the left is still part of the government in Spain, there is no European effect as had been the case with Syriza.

But also, on national levels the decreasing appeal of the new left projects had become obvious in the European elections of 2019, a tendency which was confirmed in national elections. The results of the municipal elections in Madrid in 2021 and current opinion polls reveal a crisis of left-wing populist projects. With the exceptions of Akel and Syriza no party of the left currently reaches more than 20% of votes. After all, the Belgian Ptb stands at 17%, the Slovenian Levica at 10%. Mélenchon currently stands at 11% in opinion polls for the

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2022 presidential elections, which is the fourth place. If there were European parliamentary elections today, the European Left (EL) would reach 6.5%, the Greens not quite 8%, and the Social Democrats 19%, i.e., these three party-families would currently receive only about one third of the votes.

If the left wanted to intervene in all earnest, they would have to sharpen their profile and, most of all, look out for social allies. The necessity for a redirection towards a social-ecological transformation and towards a society of solidarity and the standards for systemically relevant work have in all the countries been brutally revealed by the Corona-crisis. That is the reason why as Transform Europe we want to go deep into the following questions to help in the necessary debate inside the left:

1. Deep crises: Go for or beyond the system? Last year, transform! and its members initiated the analysis of the crisis. We want to approach the crisis from two dimensions: first, about new budgetary and debt instruments and the second, to engage discussion on new social model, on the role of the states, about property and the socialisation of the financial sector with capital controls and economic democracy, about emancipation and labour.

2. Who's fighting for what: the new basis of the Left: it is imperative to identify, through the various struggles, the new social bases of the Left. From political discussions to street demonstrations, from voting to committed consumption, from strikes to internet activism, we want to capture all the forms of "political participation".

3. Ideas and Critical Theory: within the struggles against domination, new analytical and theoretical horizons are emerging. This intellectual work, as the dynamics of popular education, can help to traces paths of convergence between isolated political fronts. In the wake of ideological movements that seek to articulate struggles against different forms of domination (sexist, racist, capitalist, etc.),

we wish to promote intellectual initiatives that build bridges between the different thoughts on emancipation. These alliances are necessary to defend democracy in Europe and to fight for an open and democratic Europe that also offers protection to refugees. The left needs to elaborate its own considerations for this unresolved issue within the EU and beyond – also as a concrete approach to practising solidarity.

This moment is indeed an opportunity for progressive forces, crossed by deep ideological and social movements (ecologist, feminist, anti-racist movements), to come together and elaborate a humanist and ecologist project for society. transform!, as a transnational European network, wishes to encourage and accompany this rich and complex political struggle, both within and outside the institutions.

Notes

1. *European Union: Share of the EU's global GNP between 1980 and 2019, adjusted for purchasing power, and prognoses for 2025.* <https://de.statista.com/statistik/daten/studie/249045/umfrage/anteil-der-europaeischen-union-eu-am-globalen-bruttoinlandsprodukt-bip/>
2. *Sandor Zsiros: Right-wing parties seeking new alliances.* <https://de.euronews.com/2021/04/01/rechtsparteien-streben-allianz-an>
3. *See: Amieke Bouma/Cornelia Hildebrandt & Danai Koltsisa (2021), Left in Diversity, Merlin Press (in print).*

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Europe will not be the same as before, it is up to us to change it

Pierre Laurent

The conference on the future of Europe, officially launched on 9 May, is presented by the leaders of the European Union as a means of involving European citizens in a redefinition of the European project. Launched at the initiative of the Franco-German couple, Emmanuel Macron and Angela Merkel, it is supposed to respond to the crisis of democratic legitimacy of the Union, symbolised by the Brexit. French President Emmanuel Macron wanted to make it an instrument of his own political revival and his conception of the European project by bringing the conference to a successful conclusion in spring 2022 during the French presidency of the Union, which will correspond to the French presidential election. Covid has thwarted this plan, and the spring of 2022 will probably only be a first step in this conference, which could take two years to complete.

For more than 15 years, the crisis of the European ultraliberal model has only worsened and with it, the citizens' mistrust and the political and democratic fractures. The victory of the no to European Constitutional Treaty in several countries, including France, the 2008 financial crisis, drastic budgetary austerity, the victory of Syriza and the blackmail imposed by Greece to break the left-wing experiment, the migrant crisis, the election of Donald Trump, Brexit, the long-term installation of the far right in governing coalitions in several European countries, the Covid pandemic... the European model of social and democratic development has indeed lived on.

All these crises have been paid for hard by the European peoples to finance the continued domination of capital. The growing inequalities,

unemployment and poverty are damaging democracy and nationalist and far-right forces are making progress everywhere by exploiting divisions and the logic of competition between peoples. In this political chaos, the forces of the left are fighting courageously but lack strength and unity. Where they have gained a foothold in coalitions or political majorities, as in Greece, Spain and Portugal, they are harshly fought against, because capital refuses to allow the slightest alternative to its hegemony to emerge. Everywhere authoritarianism and attacks on freedoms are increasing.

In these conditions of major and lasting structural crisis, a part of the ruling economic and political elites have become aware that the crisis of democratic legitimacy could become fatal to the European Union. They would like to change course, or at least adapt it, but obviously without questioning the fundamentals of capital's domination of the economy. This demand is reinforced by global geopolitical changes, with the weakening of the American leadership, the rise of China, the increase in climate change and violent conflicts. The Covid crisis has finally revealed the deep flaws in the European construction, starting with its industrial dependence, the domination of financial logics alien to the common good, which has become vital with the health crisis, and its total lack of real solidarity, as competitive logics have been pushed to the limit. Europe has shown itself to be what it is: an area of markets and competition, not an area of human security. The challenges to be taken up are numerous, and all of them come up against the need to question the competitive logic of capital. Human health

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security, social job security, the fight against inequality and poverty, the promotion of education and research, industrial and digital sovereignty, the fight against climatic changes. All these challenges call for cooperation, pooling and reinforced public initiative, which the European treaties have always opposed in favour of the principles of hyper competition. The new European Commission is trying to adapt capital with the Porto social summit, the Green Deal and the European digital strategy, but it is doing so by framing its developments in order to preserve the logic of the market. The contradictions continue to mount because on the one hand the people want progress on a different scale and on the other hand nationalist forces are pushing for the development of egoism and the withdrawal.

The cultural hegemony of the logics of domination is also the object of a bitter battle because the reactionary forces cling to their cultural power: the fight for women's rights and against violence, the fight against discrimination and racism, the fight for public freedoms and freedom of information, the fight for cultural creation and popular education...

Finally, Europe must redefine its place in the world, and here too there are many contradictions: European strategic autonomy or anchoring to Nato, disarmament or escalating military spending, dialogue with Russia or systematic confrontation, relations with China, strategic partner or rival, dignified reception of migrants and a peace project for the Mediterranean, or militarised borders in the south of Europe...

Faced with all these contradictions and all the contradictions and political fractures internal to the forces of capital, the right and the far right, some of Europe's leaders are clearly tempted to tighten up the governance of the Union around a club of leading nations. The conference on the future of Europe, far from marking a return to democracy and citizens, could therefore end up with more concentration of powers and more political federalism in the name of the necessary efficiency of European policies.

However, at such a critical moment for the future of Europe and its peoples, it would be

extremely dangerous to leave the forces of capital alone in charge. The forces of the left have every interest in investing the political period that is opening up with concrete and strong projects for a new future project for Europe. They must do this by occupying, when possible, the institutional spaces created in the framework of the Conference for the Future of Europe. But above all, they must do so by investing in a common effort and by stimulating a debate among citizens on all the issues at stake in the re-foundation of the European project. The Forum of left, green and progressive forces is one of the spaces at the disposal of this battle, but many opportunities must be initiated in each of our countries.

It is not now when the budgetary taboos and those of the treaties that we have fought against are falling that we should abandon the hand to our adversaries. Everything must and can be rethought, if we create a majority relationship of strength around the meaning of the changes to be undertaken.

There is no shortage of battle themes, and they are imposed by reality. Our ideas can gain strength in this period if we invest it with simple and strong ideas:

- after the Covid crisis, any recovery requires that the social question be put back at the forefront of European priorities: health, work, education, housing.
- it must be inseparably linked to the challenges of ecological transition, which must necessarily place the question of a new social and ecological production pact at the heart of any new European project.
- the European budgetary deal must be definitively abandoned in favour of the financing of this social, ecological and productive recovery, which presupposes the redefinition of the missions and role of the Ecb, the taxation of the largest groups and the highest incomes, and a resolute fight against tax evasion and dumping.
- the fight for rights, equality and freedoms must once again become fundamental priorities in the Union.
- A new collective security project must be

conceived for Europe, allowing the resumption of disarmament on the continent, the pacification of Europe's eastern and Mediterranean borders and the reunification of Cyprus, the dignified

reception of migrants and the reconstruction of cooperative development relations.

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European rulers are the danger to Europe

Francisco Louçã

Remember the 60th anniversary celebration of the Treaty of Rome in 2017? A solemn declaration was delivered, there was a conference and a summit, a fanfare and a banquet, it was even announced that it would be a turning point in the European pact. Nothing remained of that party.

Remember the promise of Macron's electoral program, which ensured that at the end of 2017 or at the latest in the first half of 2018 there would be a European Convention in each country, to renew the European spirit and the commitment of States? Other than the arrogance of a president announcing a European initiative, for his own electoral benefit and without even consulting the other governments, the results speak for themselves: nothing.

Remember the most recent and pompous Conference on the Future of Europe? No? It is natural, until now there has only been a long-standing disagreement over who presided and a magical solution, they all preside, with the signature of the due protocol. The operation began in May 2021 and will last for a year, even if it is not yet known whether it serves for a convenient but forgettable propaganda operation, or, in the more muscular version, to discuss changes to the treaties that, however, all governments assume to be an impossible or even untimely process.

Remember the "European success story" in vaccine management, a "story" proclaimed *urbi et orbi* by the President of the Commission? In each of these cases, failure was the destination for the most emphatic promises of cooperation and of a new era for Europe, not to mention the failure to cooperate with poor countries.

This is the portrait of European leadership: it does little, manages poorly and what it considers to be most important may not even be taken seriously. The dragging of the European crisis, imprisoned by treaties that impose austerity as a social rule and liberalism as an economic rule, has been generating contradictions, discontent, resentment, and successive political crises. The forthcoming elections in Germany and France will be difficult tests for this process of institutional degradation.

The case of vaccines

In the last week of March, the European Council met in an emergency. The matter was important, it was necessary to challenge the pharmaceutical companies that did not fulfil the vaccine supply contracts, arm wrestle with the United Kingdom and solve internal problems with the countries that bet on the "wrong" vaccines, with two days of intense work being foreseen to make things clear. After a few hours, the meeting was ended, there was no point in prolonging the uselessness, the Commission wants what it cannot do and cannot do what it wants. The rulers gave up on agreeing, or taking any action, and turned Zoom off.

However, it seemed to have started well. At the beginning of her term, Von der Leyen faced the pandemic with two surprising decisions that won her support: the joint purchase of vaccines by the Union and the emergency economic support program. A year later, it is precisely in those decisions that the results are most incompetent.

It could be argued that the lack of vaccines is the fault of pharmaceutical companies, even though the 28 million doses hidden by a one of the Big Pharma in a warehouse in Italy tend to deny it. But what is beyond doubt is that the Commission negotiated defective contracts and the companies realised that they had *carte blanche*.

With the best public health services in the world, European countries recorded 138 deaths per 100,000 inhabitants in early April, a less bad result than that of the United Kingdom, 187, or the USA, 166, even if a new outbreak is emerging in some of the most populous European countries. Yet, in vaccination, they are far behind these other regions: in the USA there was at that time 38% of adults vaccinated with at least the first dose, in the United Kingdom 58%, while in Europe the result is only 14% and very unequal from country to country.

There are several explanations for that delay. Overtime, health has not been an area of European cooperation and the portfolio was seen as one of the most irrelevant of the Commission, being despised by the most powerful governments and left to representatives of countries that had no choice, Cyprus, Lithuania, Malta. However, at the beginning of the pandemic, which almost coincides with the beginning of the mandate of this Commission, the president, Ursula von der Leyen, who is a doctor, understood the importance of the issue and the opportunity and the need to affirm a European convergence. As such, she proposed the purchase and common management of vaccines, a correct decision and potentially beneficial for all countries. The problem is that the Commission does not have a staff of negotiators and experts with knowledge of the pharmaceutical sector and, in a hurry to announce results, accepted and signed contracts that focused more on the price than on the terms and conditions of supply. Some experts also add that France and Germany sought to condition and even delay this process to favour their industrial champion, Sanofi, the Franco-German giant to whom a large order was placed – only to find out afterwards that the company

will only be able to have a vaccine by the end of 2021. Throughout the year, uncertainty about the distribution of vaccines and even about their therapeutic qualities, grown by contradictory decisions, came to produce insecurity among citizens. The “European success story” has turned into a sea of doubts.

The economy after the vaccine

The second asset of the new European Commission was the economic response. But at the end of the first quarter of 2021, the second year of the recession, that confidence is shaken. The former deputy Governor of the European Central Bank, Victor Constâncio, raised awareness to the maths: since no country wants to use the 350 billion loans, except marginally, only the 400 billion subsidies remain, less than a third of the Biden plan, which is already the second wave of incentives in the Usa. Or less than half of what Germany spends on its own program. Even with this plan, which we do not know if and how it will be applied, given that the German Supreme Court is evaluating a legal challenge and some parliaments have not yet ratified it, with the Hungarian government re-exercising its blackmail, the weight of the Community budget in European Gdp remains at 2%, and it is expected that after the emergency it will fall back to 1%, which has been the magic number of the institutional consensus. Given the lack of recovery instruments, it is estimated that European Gdp will be 20% lower in 2021 than it would have been if the trend observed between 2000 and 2007 had been prolonged.

In addition, we do not know how this new budgetary effort will be paid for, since it is based on the promise of debt issuance. In June, the Commission is expected to present proposals to finance this expenditure and it has been announced that it will be a tax on digital or on environmentally harmful imports, such as plastics. It is not certain that any of these hypotheses will have sufficient support and,

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therefore, the financial markets are betting on the continuity of debt issuance that will keep paying the debt for the future, whilst national budgets would be called upon to cover the cost of the operation over time. This would accentuate the other essential uncertainty: what will the European Central Bank do with the new debt and the old debt that has been accumulating on its balance sheets?

The debt stock at the Ecb is the main time bomb in the eurozone over the medium term. If the expansive monetary policy were prolonged, or if the central bank functioned as a last resort lender, the problem would not exist. However, there is no consensus for this strategy, which goes against the monetarist orthodoxy, in particular of the Bundesbank, in such a way that, despite the shock with the concessions to pragmatism, it may come to be reinstated, given the current pressures in such direction. If, on the other hand, the Ecb decided to sell this debt, or to stop buying a significant part of the new issues of public and private debt, the expectation of a rise in interest rates would first reach the peripheral economies of Europe and, in particular, Italy. It would be like playing Russian roulette, but there are those in the Commission and the Ecb who understand that this is the most tranquilising old normal.

Choosing weakness and incompetence

The current President of the Commission, like her predecessors, José Manuel Barroso and Jean-Claude Juncker, was chosen on the assumption that, being a fragile power, she will obey the dominant governments and will not create obstacles for them. As Wolfgang Streeck, the director emeritus of the Max Planck Institute who has dedicated himself to studying European institutional, social and political evolution, recalls, the post was destined for Manfred Weber, of the German Csu, a party allied to Merkel's Cdu, and he was presented as such during the electoral campaign

of the main party of the European right. Since it was not possible to obtain a majority for his nomination, Macron allegedly proposed the German defence minister, Von der Leyen, a member of the Cdu and considered to be close to Merkel. According to Streeck, the calculation was that this choice, even if controversial (Von der Leyen was criticised for the choice of the head of the McKinsey Berlin office for the post of Secretary of State who deals with the armaments, who is investigated for favouritism in the contracts he signed), encouraged the advancement of the European army project. This claim would be reinforced by the choice of Sylvie Goulard, also a former defence minister, for another position in the Commission, but Goulard, who was also being investigated for alleged mismanagement of public funds, was rejected by the European Parliament, apparently thanks to a revenge moved by Weber (1). And so, in the power struggle, the president was weakened. One more reason for Von der Leyen to have interpreted the pandemic as a game changer of her mandate, promising strong and quick solutions to the health crisis and the economic crisis, having failed in both.

However, the year 2021 aggravates other uncertainties, namely in Italy and Germany. In Germany, the long wear and tear on Cdu-Csu governance, the internal right-wing dispute over who will lead the list, as well as the increased risk of further parliamentary fragmentation as a result of the September votes, have been opening the door to even more contradictory coalition hypotheses. In Italy, in which government has been synonymous with instability, the Draghi bet is risky but it has marked the political game: his government, with all the main parties, has gained time and is asserting itself after the institutional crisis. However, it will always need to give way to a political subject that shall look to prevail in elections, sooner or later, and neither party now seems capable of fulfilling this function, knowing about the Pd crisis and Salvini's short-term calculus. The long economic stagnation that the country has suffered requires Draghi to use the funds of the

European program as a lever, the strongest he has, but for that he would need quick access and better coordination by the Commission. Playing in the short term also reveals how, in the current European context, no one dares to look beyond the end of 2021.

The European crisis is this: neither for the pandemic is there a cooperation project in health, in scientific research, in the production of medicines and in the sharing of equipment, nor for the economy is there a concerted effort that puts the central bank and investment at the service of full employment. In the incompetence of health management and the inability to mobilise financial instruments for social recovery, tied by the treaties that conceive austerity as the nature of things, Europe

discovers that its main enemies are inside the castle and mostly even in the throne room.

Notes

1. Wolfgang Streeck, "Vaccine Debacle", in *Sidecar*, a New Left Review blog, February 16, 2021, available at: <https://newleftreview.org/sidecar/posts/vaccine-debacle>.

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From a Europe of competitiveness to a Europe of cooperation

Íñigo Martínez Zatón

The reflection to which the EL magazine leads us is a debate that cannot be separated from the future of the planet as a whole. On August 22, 2020, the planet's biocapacity was exceeded, which symbolically represents the point at which we use resources that cannot be regenerated in the same year. This means, therefore, that the capitalist system of production and consumption is unsustainable and that the necessary reforms in the economy must be intense, radical and above all directed at the goal of preserving life. It will never be enough of a reminder: without a planet there is no material basis on which to raise any human society. Although it is a task to be carried out globally, we in Europe have a specific duty to realize an effective ecological transition in the shortest possible time, so that consequently economic resources must be directed to this vital basic objective. No short-range or short-term movement can ignore this imperative need. It may seem crude to begin this brief reflection with a fact of this magnitude, but we cannot engage in a frank debate on our model of European integration if we do not address the material foundations on which it is based.

The alternative left belongs to a historical tradition with a strong internationalist character and advocates the idea that the best way to guarantee human welfare and security is the transition from a model of competitiveness between people, territories and markets to a model of cooperation and complementarity.

This is reflected in the policies we defend at local, national and state level and, of course, in the European integration model. We are profoundly pro-European forces, but at the

same time we disagree with this model of integration. The beginning of the European integration process took place after the Second World War in which the European peoples gave their lives to defeat Nazism. The communist and left-wing forces of Europe as a whole were fundamental to that defeat in a clear example of solidarity and the struggle for peace. From this historical legitimacy we claim our Europeanism and our critical analysis of the current process of European integration.

The design of the Common Market already contained unfavourable elements for the South and/or the periphery of what would later become the European Union. A neoliberal economic model was beginning to consolidate, in which, in the distribution of the international division of labour, the countries of the South were decreed deindustrialisation and the privatisation of large public and strategic companies. At the same time, the industrial and export capacity of the centre (i.e. Germany) was being strengthened. Its deepening, especially with the Maastricht Treaty (1992) and other mechanisms such as the Stability Pact and the foundational nature of the Ecb itself, was the consolidation of an institutional and constitutional architecture (European and of each member state) of the main dogmas of neoliberalism.

Julio Anguita, a political and intellectual reference point of the European left, stated as early as 1992 that it was obvious that a monetary union without fiscal union and without political union was doomed to increase asymmetries in Europe. And what we have is a northern Europe and a southern Europe in terms not only of geography, but also of industrial and economic

power, with growing differences.

Alberto Garzón, general coordinator of IU and Minister for Consumer Affairs in the Spanish government, went into this issue in an interview: “Germany is growing with a productive structure with a high technological component, a high knowledge content that allows it to have high wages and is integrating into value chains with the eastern periphery and with emerging markets. This is allowing it to have a growing distance over a southern periphery that, in addition to having had a late industrialisation compared to Germany, was subjected to austerity policies not only in the last crisis, but even a process of deindustrialisation since the 80s and 90s, when in Spain it was said that the best industrial policy is the one that does not exist” (1).

It is obvious, both in the 2008 crisis and in the current one, that in the European periphery we are suffering the consequences of 40 years without a clear industrial policy and the asymmetry of the European Union, behind which there is no conspiracy, but rather a bad economic theory and naïve thinking that said that with a monetary union, political union and fiscal union would develop. This has not been the case and what we have is a growing asymmetry in the EU that requires measures to correct it.

Preparing the post-Covid-19 world

The situation of health emergency and economic crisis presents us with all kinds of challenges, and to face them we need common spaces, because it is increasingly evident that what started as a health crisis has now become a global economic recession that needs to be tackled with maximum cooperation between all the states of the planet. To this end, we must be aware of the need for a new concept of international order based on a shared project for the whole of humanity, based on a model of relations that respects the sovereignty of

peoples and universal security based on peace, disarmament, social justice and the sustainability of the planet, and that shapes a world without poverty and hunger by articulating open and inclusive societies. The international strategy to defeat the Covid-19 pandemic, now that the time has come to implement vaccines, should assume the political, economic, social and environmental conviction that if it does not include all of humanity, we will have failed.

In the European framework, the crisis has highlighted the need to consider a new model of regional integration that breaks with a European Union that has shown its inability to respond adequately to the challenges of the 21st century, which have been accelerated by the pandemic. The European Union has two paths before it: to continue along the neoliberal path or to change course towards social, fair and sustainable policies. Imposing a single market without fiscal unification means giving up on the development and equalisation of many European countries with the most prosperous regions of the continent. Common and progressive taxation is needed to address the very serious social problems that this crisis has uncovered in the areas of health, education, public services, pensions and housing, as well as a reduction in spending on armaments, million-dollar subsidies to companies and privileges.

Implementing these measures is unthinkable with the current European Commission, especially when it has not been able to stop the pressure from Eastern European states, with more authoritarian governments that threatened to block the funds allocated - and conditioned in their purpose towards social objectives - for the countries that are suffering the most from the health and economic consequences caused by Covid-19. The adverse consequences of continuing with the intergovernmental European Union management model have been seen in the threat of the continuous veto, without daring to move to another semi-federal model with the capacity for financial, social, environmental and economic equalisation proposals. The Brexit-type nationalist and divisive tendencies in the

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European Union have a lot to do with this.

The process of negotiating the European Union's Multiannual Financial Framework 2021-2027 and the Recovery Plan that accompanies it has once again demonstrated the capacity of the extreme right to set the agenda. The blockade by the authoritarian governments of Hungary and Poland (tacitly supported by others such as Slovenia) has for months jeopardised the resources agreed over the summer to implement expansionary policies to tackle the crisis generated by the pandemic. The cause of the blockage was the conditionality in the receipt of funds on respect for the rule of law, and it has also been found that Community resources in these countries have been directly allocated to projects and programmes that violate the rule of law. After months of negotiations, the final agreement signed by all governments falls far short of the initial proposals and makes it only possible to cut off the funds with a condemnatory judgement of the European Court of Justice.

Despite being a small step forward from the current impunity, the outcome of the negotiation has been read as a success by the far right across the EU. With a weak left at the EU level, the far right is the only force with the capacity to set itself up as a supposed alternative to the powers in Brussels.

It is true that the Recovery Plan represents a change of trend, but not a change of course because to change course you have to change navigation charts, and that it should be used to accelerate the major transformations that Europe and Spain need. We are not only talking about the 140 billion euros that will reach Spain in the coming years (or the fact that 37% of the funds will have to be earmarked for ecological transformation), but also about the suspension of the limits on public spending imposed by the Stability Pact and the reformulation of the budgetary review mechanisms of the European Semester. We are aware that these are temporary changes and that a neoliberal logic still prevails in Brussels' policies, but the paradigm shift from the 2008 crisis is visible. Despite the changes, the element of "institutional resilience" is still

present in the Brussels budget review criteria, a euphemism for the possible cuts that may come in future recommendations to the government. It is clear to no one that whether or not to follow European recommendations for cuts could be one of the main disputes within the Psoe-Up coalition government. In addition to this, this Multiannual Financial Framework, which determines the Union's main spending lines until 2027, maintains some of the spending lines we are most critical of, such as the resources for border protection and deportations, which are practically tripled.

From a correlation of forces in Spain that is very different to that of the Union, we have to work to put these resources to work for the benefit of the country and its social majority. Spain is the only country with a certain weight in which the left is in government, and we have the possibility of making visible a different way of doing things, without fear of confronting Brussels when necessary. This different way of doing things can generate and build alliances that allow us to win positions for the forces that fight for another model of European integration in a social, ecological and rights-based way.

Unity of left and progressive forces as the only way to change course

At a time when the US and China are considering how to deal with their future, it is interesting to note that the European Forum of Left, Green and Progressive Forces ranging from political parties to trade unions concluded its 2020 meeting by stating that "a new Europe needs to consider a change of course to address with determination a new model of social and ecological development, whose priorities are human security, common welfare, protection of the planet and biodiversity. A Europe, in short, that acts to change the course of globalisation". Advocacy for this policy change in Europe will not come alone. It must be progressive,

green and left forces in Europe who together with trade unions and social movements build new alliances. We must set Europe on a course towards a fairer and greener economy and a fairer and more equitable society, understanding that the pandemic caused by Covid-19 is a challenge that challenges us to consider building a Europe of Solidarity and beyond the political and geographical limits of the current EU.

Proposals for the future

The proposals for the future of the EU must be concrete, they must prioritise public health systems and public services to ensure the lives of millions of workers across Europe, inside and outside the EU, opening the way to a new social, ecological and feminist model. A future in which the production of vaccines and any medicine does not depend on the will of a Board of Shareholders, but on a great public pole of health, research and production of medicines on a European scale.

For this to happen, it is essential that the sovereignty of the European peoples over an economy that is today confiscated by the major interests of financial capital with economic institutions that have no democratic control whatsoever. To think differently about the use of Europe's enormous potential for wealth creation, so that debt does not once again become an unbearable burden for its peoples and so that we can act in a fairer way, with a more united, more peaceful and more cooperative world.

A future in which Foreign and Neighbourhood Policy does a U-turn. From supporting dictatorships and authoritarian governments to placing human rights as a basic principle of foreign relations. And from militarising borders and having a criminal migration policy, to a

reception policy based on the human rights of migrants and international solidarity.

From a reality where authoritarian governments are tolerated within the EU and where abortion is banned in Poland to a European integration that guarantees the human, economic, social, sexual and cultural rights of the entire population.

In short, to move from the current model of integration towards a model of cooperation between the peoples of Europe, where democracy, social rights, equality, peace and the ecological limits of the planet are the backbones.

After this crisis, we will value the instruments of protection more highly, from public health care to the network of family and community care, but we will also be more afraid. In this context of total uncertainty, the concept of protection plays a central role. The reactionaries stand for every man for himself for the working classes and for a nativist protectionism. The left for a society in which the life and rights of the citizenry are not subordinated to the private profits of the few. For a society in which we take care of each other instead of trampling and humiliating each other.

Notes

1. https://www.eldiario.es/politica/alberto-garzon-via-union-europea_128_6067174.html

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Opportunities and challenges for a new Europe in the era of the pandemic

Dimitrios Papadimoulis

The Covid-19 crisis has demonstrated in the most obvious way the deadlocks, structural deficiencies and multiple inefficiencies of neoliberal policies. The symmetrical crisis that has hit Europe and the entire world has annulled the cornerstones of the neoliberal doctrine, such as market's self-regulation, leading even its defenders to retreat, albeit partially and temporarily.

With the lasting waves of the pandemic hitting us hard, one after the other, it is impossible to say exactly to what extent society's way of perceiving things has changed. However, it is absolutely certain that after this pandemic, nothing will ever be the same again.

Given this, the aim of the conservative forces to return to the normality of the past can only be seen as a condemnation of repeating the same tragic mistakes. A typical example are the weakened health and social welfare systems which, after years of austerity, have reached their limits from the very beginning and are still tipping into the red, especially in countries such as Greece, which have experienced the most brutal times of harsh memoranda and extreme cuts in social spending.

This crisis, however, has one very fundamental difference from the financial crisis of 2008. It is a symmetrical crisis which, despite its asymmetrical consequences, affects Europe as a whole. There is no longer any room for experimentation with the countries of the south, for punitive policies towards certain countries, for applying policies to peoples as guinea pigs. The universality of this unprecedented health crisis, with its terrible socio-economic consequences, is what led Europe to decisions

that 1-1.5 years ago seemed unthinkable: activation of the general escape clause, issuance of common Eu debt to finance the Recovery Fund, unprecedented support measures by the Ecb, etc.

These unprecedented decisions - albeit inadequate, given the severity of the pandemic and its consequences - create a new context. A new context that opens the way for a new debate on the present and future of Europe. The challenges, of course, remain many - and are now even greater, magnified by the pandemic.

With the constant increase of the public debt of the states, it is now self-evident that we must avoid a new debt crisis that will revive the appetites for a new cycle of austerity and social decline. This recipe has been tested and has failed miserably. However, the fact that public debt is soaring remains. So what is the solution? A European solution is needed to alleviate public debt - at least the debt created by the pandemic. More than 100 reputable economists are already calling for the public debt held by the Ecb to be cancelled or at least converted into interest-free perpetual bonds, in order to facilitate the social and ecological recovery after the pandemic. We are talking about around 25% of the European public debt, or around 2.5 trillion euros (almost 3.5 times the resources of the Recovery Fund!). This debt relief should be accompanied by the cancellation of the current Stability and Growth Pact and its replacement by a Convergence and Sustainable Development Pact, far from suffocating fiscal rules, with debt mutualisation, new realistic deficit rules and real and upward social, economic and regional convergence targets.

The same need to avoid the vicious circle of harsh austerity dictates the necessity to regulate the private debt of citizens and businesses created by the pandemic. Restructuring and partial cancellation of private debt is a key component and a necessary condition for Member States to avoid policies of violent adjustment and internal devaluation following the pandemic crisis - even worse, in the midst of the pandemic.

This is a demand that is gaining momentum across Europe. In March 2020 it was even raised by former Ecb President Mario Draghi, who declared, to everyone's surprise, that the Covid-19 crisis is like being at war and therefore private debts created during it should be written off.

This debt relief (public and private) should be accompanied by more funds to finance the recovery. The 750 billion euros Recovery Fund, although a positive step, is insufficient. It was designed during the first wave of the pandemic, whereas the pandemic has now much more widespread and profound consequences. And when compared with President Biden's dual package of measures, totalling 4.15 trillion dollars, it reveals the inherent self-limitations of Europe's current political and economic system.

The resources of the Recovery Fund must be significantly increased - at least doubled. The necessary resources can be generated, inter alia, by introducing a wealth tax, a global minimum corporate tax and a tax on digital giants. Such measures can lead to multiple benefits in the medium and long term. They will allow the recovery to be financed with funds coming from the wealth holders and those who benefited from the crisis. They will contribute to fiscal and social justice by sharing the tax burden more fairly and mitigating the existing conditions of distortion of healthy competition. And they will allow the creation of more permanent mechanisms for transfer payments and mutualisation in Europe, which will in turn contribute more decisively to tackling the ever-widening inequalities both between and within

Member States.

Widening inequalities are undoubtedly one of the dark sides of the pandemic. Of course, they are not a new element. The creation and exacerbation of inequalities are an inevitable consequence of neoliberal policies. We have experienced this emphatically over the past decades, with the frightening concentration of excessive wealth in the hands of a few, the oligarchisation of the economy and the degradation of social policies and of cohesion and real convergence policies.

We should not forget that it is these inequalities, as well as the insecurity of citizens and their fear of the future, that the far right in Europe has taken full advantage of in order to rise. The same danger is emerging again in the midst of the pandemic, and we must tackle it at its source, at its causes, if we want to avoid a new rise of the far right. We must ensure that popular discontent and social anguish are expressed through progressive, democratic forces and not through a turn to conservatism and extreme positions.

The pandemic undoubtedly acts as an accelerator of change both for Europe itself and for each individual country. And it is an opportunity, but also a duty, for the Left and all progressive forces to fight for a meaningful change, for a turning of a page in the modern history of Europe, for a change towards the road of a truly just, sustainable and inclusive growth. It is a fight that we must wage and can win.

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The future of Europe – high time for democracy in the economic sphere

Jeremy Smith

So finally, on “Europe Day” 2021, the leaders of the EU’s institutions have launched the Conference on the Future of Europe. They seem, sadly, to show little interest in serious change. Yet without jettisoning the baggage of perverse economic ideology that has weighed it down since the Maastricht Treaty, the Union will prove unable to meet people’s expectations on living standards, to respond to climate change, or to offer access to good health care and other vital public services. Yet if recent Eurobarometer polling is right, these are the very issues that European citizens want to see the EU achieve.

Those wishing to take part in the virtual Conference must solemnly declare that they “Respect our European values, as set in Art. 2 of the Treaty on the European Union: human dignity, freedom, democracy, equality, the rule of law and respect for human rights”.

That’s good. Democratic values should indeed be at the core of any positive idea of “European society”. But we have to face the fact that in the fundamental field – economic policy – the European Union has erected strong barriers which block democratic choice. It’s time to unblock. Economic policy since 2008 (when the financial crisis broke) has been the EU’s Achilles’ heel.

The economic failures of recent times have led to a worsened political situation, from which the far right has been the main beneficiary. In a recent article for the *New York Review of Books*, Robert Kuttner, co-founder of the progressive Prospect magazine in the US, argued:

“Yet while the US has [a] unique structural bias against activist government, since the

1990s the countries of the West, despite markedly different constitutional systems and political histories, have experienced similar patterns of democratic deterioration. Economic circumstances have turned against ordinary people, mainstream leaders have failed to provide a remedy, and voters have increasingly looked to ultranationalists, even to aspiring dictators.”.

He adds,

“The European Union plays a perverse antidemocratic part in this saga... the Maastricht Treaty that founded the European Union in 1993 gave primacy to the free movement of capital, goods, services, and persons, and it promoted deregulation and privatization. These rules superseded the ability of member states to have strong national policies to regulate capitalism.”. Back in 2017, Professor John Weeks and I co-wrote a report for the Rosa Luxemburg Stiftung, “Bringing democratic choice to Europe’s economic governance - The EU Treaty changes we need, and why we need them”. We underlined the democratic deficit:

“Despite its commitment to democratic values, in one key area the European Union does not permit legitimate democratic choice, and that is the economic sphere. Because so much of the economic policy of the EU is embedded in its Treaties, which can normally only be changed if all member states agree, there is a growing frustration that the democratic will of Europe’s people simply cannot be expressed if on any point it differs from that set out in the Treaties.”. Unlike most other critics, we not only criticized the rules and policies embedded in the Treaties, but (with a view to winning broader support)

propose a set of very specific Treaty changes which would offer an escape from the worst aspects of their present neoliberal dogma, and create far more space for progressive policy change.

It is generally accepted (and affirmed by the European Court of Justice) that the EU Treaties are to be seen as providing a constitutional framework, analogous to national constitutions. But the Treaties' treatment of economic policy is out of line. As we put it in 2017:

“If one studies the Constitutions of democratic states, one notable feature is that, with very few exceptions, the content and details of economic and monetary policy are absent; the Constitution may set out the society's broad goals and the procedures to be followed, but the content of the policies is left to the product of democratic debate through Parliamentary law-making...”

That is, the choice of (for example) Keynesian or ordoliberal or monetarist policies should be the stuff of political debate in a democracy, not issues closed down in advance via dogmatic prescription in a hard-to-amend constitutional text.

Fiscal rules

It is often forgotten just how disastrous the EU's economic policies were after 2009, as evidenced in the Eurozone unemployment statistics. From our 2017 report:

“In October 2016, Eurozone unemployment fell below 10% (to 9.8%) ... with the exception of a single month in 2011, *unemployment in the Eurozone had been over 10% for more than seven years*. This is a sign of failure in economic policy and theory.”

The Maastricht Treaty's fiscal rules (budget deficits below 3%, government debt below 60% GDP) were created out of thin air, without any basis in evidence. Public spending is blamed for any economic problem. Thus, when the global crisis struck, EU institutions and leading Member States put the blame on public debt, when the true problem was excessive *private*

debt.

Symbolic of this fiscal policy perversity was the so-called “Treaty on Stability, Co-ordination and Governance in the Economic and Monetary Union” of 2012, which seeks to make balanced budgets an eternal duty of Member States.

The concept of a legally imposed “debt brake”, or balanced budget duty, is economic nonsense; deficits are required in hard economic times to protect people's livelihoods and prevent deeper, longer depressions. They result mainly from external circumstances over which governments may have little control.

Starting from the “excessive deficits” Treaty provisions, there is now a highly bureaucratic set of measures that sail under the ironic title of the “Stability and Growth Pact”, which seek to impose fiscal discipline over democratically elected governments. The measures go far beyond anything needed to ensure that the proper functioning of economic and monetary union is not “jeopardized”. The Commission has put them together in a “Vade mecum” (guide). The 2019 edition runs to around 100 pages of detailed economic “surveillance” procedures!

One more positive consequence of the Covid 19 pandemic has been the EU's fiscal response. Under the “Next Generation EU” programme, the European Commission borrows up to €806 billion (current prices) and distribute it over six years to all EU countries, as grants and credits. Yet even as this important if modest breakthrough gives some sign of hope for a wiser approach, there is growing pressure to return to the old rulebook as soon as possible. That would be a sure way to cause more economic damage.

Monetary policy

The European Central Bank (Ecb) was deliberately designed to be a conservative bankers' body beyond all democratic control, and endowed with the single monetary policy objective “to maintain price stability”. Its sole legal accountability is to present an annual report

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to the European Parliament. It is even given the power by Treaty to *define* as well as implement the Union's monetary policy. In reality, under the Presidencies of both Trichet and Draghi, the 'independent' Ecb overstepped its role by crude interference in national politics, with a view to imposing austerity and "structural reforms", the eternal euphemism for reducing workers' rights and privatizing state assets.

In an ironic twist, in recent years it has been the Ecb, under Draghi and Lagarde, that has undertaken the "heavy lifting" to keep the Euro area economy from toppling over, through its more imaginative interpretations of monetary policy (QE and similar). Too many Member States had refused to take the necessary fiscal actions to support the economy or show solidarity when most needed. QE, however, (which is a swap of less liquid financial assets for cash) tends to make the rich, who use the liquidity to purchase and inflate assets (stocks and shares, housing...) even richer.

Central banks should indeed, in my view, be granted reasonable operational autonomy, but ultimately they need to be subject to democratic control. In particular, the Ecb should be explicitly mandated to promote full employment, just as the Us Federal Reserve is, alongside its price stability mandate, and should be given a clear set of economic policy aims to promote.

A simple demand for the future

Back in 2017, John Weeks and I set out our proposed Treaty changes under 10 headings, to allow for progressive economic policies across a wide range of EU competences. These include trade, capital mobility, ending the pro-liberalization bias, state aid, taxation, industrial

policy, and public services. For a progressive EU, we need serious Treaty and legislative change in all these spheres of activity.

All these require the state (and the EU institutions) to play a stronger role. The day of the so-called "social market economy" is fading. To meet the new challenges, we need a new type of mixed economy – a blend of public, private and cooperative enterprises – with government investment playing a far stronger role in shaping our post-carbon future.

We can't achieve any of this if the EU policy rulebook remains unchanged. Some of the rules are embedded in the Treaties, some are simply contained in legislation that can be revoked. Strong and united pressure for Treaty change can also help to change the political atmosphere in the here and now, even before any Treaty change occurs.

The organisers of the Conference on the Future of Europe rightly require participants to sign up to democracy as a value.

So let us respond that, in return, we require Europe to live up to its own values.

We claim the right to freely choose the best economic policy, not have a specific outdated economic dogma imposed upon us.

In brief, it's high time the European Union committed itself to real democracy in the economic sphere. That should be our common call.

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Contributions

EU: pandemic and innovation processes

Franco Russo

To those who read the magazine *Quistioni*, the proposition “capitalism has failed” in preventing and dealing with the Covid-19 pandemic will seem obvious, yet it is from this that we must start, from the fact that capitalism has failed as a social organisation because it has not been able to guarantee the security and protection of life, which are the primary reasons why human beings come together in society. Hobbes, on the threshold of the modern age, theorised that the basis of the pact between the sovereign and his subjects was the exchange of obedience for personal security.

Profit, the guide to an entrepreneur’s actions and the measure of his success, and the market, the way in which social relations are organised, do not ensure the fundamental good of life. Even assuming that avoiding the Covid-19 pandemic, a “natural” occurrence, was beyond human possibilities - which is not the case because it is linked to the devastation of natural habitats - business, the market and the state were not able to contain it, and at the outset not even to provide the most basic means of protection such as masks, gloves, sanitising gels, not to mention more sophisticated ones such as respirators, intensive care equipment with the relevant health teams, or safe places of residence for the elderly. This proves once again the gap between the pursuit of profit and social needs, which are satisfied if and insofar as they give rise to profits, which are considered high and safe.

2.

Private enterprise at the centre of productive and social organisation: this is the choice that the ruling classes have once again made. However, their course of action differs from the recent past, because public intervention is

no longer demonised, while the international division of labour is redesigned. In line with the other industrial sectors, the two objectives set by the pharmaceutical companies at this stage are significant: to bring back some of the drug supply chains, which have proved to be fundamental, to EU territory in order to regain “sovereignty” in their production, and to make the public-private partnership more organic. It seems like light years since, not more than a year ago, the liberalist ideology of austerity that characterised the decade of the Great Recession was extolled. ToEU: pandemic and innovation processes day, in fact, public institutions, both national and supranational, are called upon to support the economy with budget deficits and to forge alliances between the public and private sectors in order to bring about an overall transformation of the production paradigm, identifiable in the *energy transition*, the *green new deal*, and *digitalisation*.

For the EU, too, the pandemic crisis is a challenge, to which it is responding by not falling back on the old budgetary containment and control tools of the *Stability and Growth Pact*, suspended in March 2020 (1), replaced by public deficit policies. In turn, the Ecb, taking on the de facto role of “backer of last resort”, has launched its various programmes to purchase public debt securities of the Member States, which it keeps among the assets of its balance sheet to make their debts sustainable, necessary to finance businesses and provide subsidies for working time reductions, against rampant unemployment and poverty. It’s the Ecb, basically, to finance the public debt that in the Eurozone countries has reached 102.3% of Gdp, in particular that of Italy 155.6%, of Germany 71.2%, of France 117.8 (Bank of Italy data, as of March 2021).

When the ruling elites of capitalism want, on the one hand, to describe the profound transformations of the productive system and, on the other, to formulate for investors and managers the guiding principles for their actions, they turn to Joseph Schumpeter. They mainly use two of his formulations, one of which expresses a real paradox, the “creative destruction”, and the other a metaphor, the banker as the “ephorus of the exchange economy”, to signify the centrality of his role in the development of capitalism.

In chapter 7 of *Capitalism Socialism Democracy*, entitled “The Process of Creative Destruction”, Schumpeter, with clear assonance to Marx’s thesis, sees “a method of economic evolution” as the *essential fact* of capitalism. The fundamental impulse, “which drives and keeps the capitalist machine in motion”, “comes from the new consumer goods, the new methods of production or transport, the new markets, the new forms of industrial organization, which capitalist enterprise creates”. Capitalism is “a process of organic transformation of industry [...] which incessantly revolutionizes economic structures from within, relentlessly destroying the old and relentlessly creating the new. This process of creative destruction is the essential fact of capitalism, that in which capitalism consists” (2).

For the metaphor we must refer to Schumpeter’s other pioneering work, *Theory of Economic Development*, where in the second chapter, precisely at the end of the second paragraph, he depicts the banker as a modern “ephorus”, because where there is “no central authority directing the economic process of society [...] he makes possible the introduction of new combinations, in a certain sense he issues on behalf of society the mandate necessary to introduce them”. As is well known, this operation focuses on the role of credit and, in general, of the “money market”, as fundamental instruments that allow capitalism to incessantly revolutionise the supply of goods and the processes of production. In the final page of the introduction to Part Three, Schumpeter writes: “The money market is always, the headquarters of the capitalist economy, from which orders are

given to its single sectors, and what is discussed and decided in it is always [...] the determination of the plans for its subsequent development [...]. The main function of the money market or capital market is therefore to negotiate credit for the financing of development.”. In Part One of Chapter Three, it is further specified that “the granting of credit [...] acts as an injunction to the economic system to subordinate itself to the aims of the entrepreneur, as an order to the goods he needs, as an entrustment to him of productive forces. Only in this way can economic development be achieved [...] And this function is the foundation of the modern credit system” (3).

Reviving and Restructuring the Corporate Sector Post-Covid. Designing Public Policy Interventions, a G30 report published in December 2020 and drafted under the guidance of M. Draghi and R. Rajan, has been rightly referred to by E. Brancaccio and R. Realfonzo as a manifesto of the new phase of capitalism, insofar as it explicitly mentions “creative destruction” to highlight the urgent need for an overall reorganisation of capitalism through a selection between enterprises susceptible to development and those to be allowed to fail. In point 4.1, it is explicitly argued that “policymakers will vary in their weighting of preserving the status quo and existing jobs, versus allowing or encouraging the process of “creative destruction,” in which firms fail, allowing jobs and resources to flow from unsuccessful firms to ones that are better suited for the new economy”. In this process of reorganisation the role of public institutions is indispensable to accelerate it and to contain its socially negative effects. The general objectives are the “green” transformation of the economy, its digitalisation, and the preservation of strategic industries, and to achieve these objectives Draghi had already months before indicated the solution in the “good use” of public debt: “The key question is not whether but how the state should put its balance sheet to good use “ (4).

The report’s proposals are clear: public finance in deficit to make the risks of investment in innovation processes sustainable, and

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expansionary monetary policy by the central banks. The report calls for an end to financial austerity measures, although it recommends being very careful in selecting old companies to be saved and investments in innovative projects so as not to compromise the long-term financial balance. Another turning point is the prospect, for this new phase, of cooperation between public and private capital for “patient investments”, the profitability of which must be assessed in the medium to long term, not excluding even nationalisation.

3.

While calling for “creative destruction” to be carried out without hesitation, the G30 calls just as clearly for banks, pension funds, insurance companies, sovereign wealth funds, and giant asset managers such as BlackRock and Vanguard to invest in companies with innovative projects, in addition to the central banks.

Let us enter some of the rooms of the “headquarters” of capitalism, starting with those of the central banks, for example the Ecb, to see the radical change from austerity policies, when banks were bailed out with public money and cuts to social services, wage restraint and legislation to promote job insecurity were adopted. During the decade of austerity, the aim was to generate a primary budget surplus, while in the times of the pandemic, the taps of central banks and public institutions were opened to provide unemployment benefits, resources for health emergencies, financial guarantees and direct support to businesses, and economic aid to various unprotected social groups such as the self-employed. It is therefore a mistake to view the Ecb’s initiatives through the lens of austerity, since today it is called upon to play the role of lender of last resort, printing money to absorb public and private debts. For this reason it has injected into the system, from March 2010 to 2021, liquidity amounting to 3,300 billion: 2,080 billion for Tltro (Targeted longer-term refinancing operations) loans, 900 billion in the Pepp (Pandemic Emergency Purchase Programme), 360 billion in the App (Asset Purchase Programme) (5). Similar, if not more massive, is the expansion of assets of

other central banks such as the Fed, BoE, and BoJ.

To understand the purposes for which the Ecb “prints money”, it is enough to read the speeches of Isabel Schnabel or of vice-president Louis de Guindos. In an article published in the Italian newspaper *Il Sole 24 Ore* on 18 March, Louis de Guindos highlights the role of financial institutions in countering the risks of climate change for the economy and society. In his view, finance must direct its actions towards taking into account the long-term effects of climate imbalances, and to this end must carry out stress tests with a horizon of “the next thirty years”. Only with this time horizon can the profitability of companies located in drought-prone areas, such as those in southern Europe, or flood-prone areas, such as those in central and northern Europe, be correctly assessed. In addition, CO2 reduction measures will have a negative effect on energy-intensive companies (mining, steel, cement), as they will be affected by taxation aimed at limiting greenhouse gas emissions. Also with a 30-year perspective, banks need to undergo a refined stress test because they, like other financial institutions, exposed as they are to these sectors, risk not having their loans repaid. This would disprove those who claim that capitalist finance always and only moves with a short-term perspective with casino gambling speculations. In the Ecb’s “headquarters” room, de Guindos concludes, they are working with a long-term view to support “the crucial and urgent transition to a greener economy, not only to meet the goals of the Paris Accords, but also to limit the disruption to our economies, businesses and livelihoods in the long run”.

In tune with the medium-to-long-term vision is the EU Commission which, in its Communication *COM (2019) 640 final* of 11 December 2019, envisaged the *European Green Deal* to reduce climate-altering emissions and to profoundly transform the economy as a whole, as clean energy supply affects “industry, production and consumption, major infrastructure, transport, food and agriculture, buildings, taxation and social benefits”. While energy-intensive industries, such as chemical, steel and cement,

are expected to take longer to decarbonise, the EU aims to promote new “strategic value chains” such as batteries more quickly to help the car industry transition to electric vehicles. In Brussels, the battery market is estimated to be worth €250 billion in 2025, and to prevent it being hoarded by Chinese companies, the *European Battery Alliance (Eba)* has been set up, bringing together 500 companies with the aim of creating a complete supply chain: from the extraction of raw materials to production and recycling (6). In 2019, according to Thore Sekkenes, director of the Eba, 60 billion euros were invested in the supply chain in the EU, three times more than in China, which is still a long way from battery production levels but hopes to reach them within five years. Sekkenes is also proposing to reopen mines in Europe, where, according to him, there are substantial reserves of lithium, nickel, manganese and cobalt. The effects of this on an already over-anthropised environment can be imagined! (7). Also in the battery sector, an Ipcei programme was launched in 2019, under which the Commission authorised State aid of €3.2 billion for 17 companies, five of which are Italian (Faam, Enel X, Kaitek, Endurance and Solvay). Therefore, before and without the aims of the *escape clause* and the *Temporary Framework*, decided in times of full pandemic, State aid had already been activated to promote innovation processes, of which the automotive sector is one of the main protagonists. To understand the importance of batteries, it is enough to consider that Volkswagen, in order to position itself in the new electric mobility market, is moving beyond Europe into the Chinese arena, having acquired 50% of Anhui Jianghuai Automobile Group Holding and control of battery manufacturer Guoxuan High-tech.

Hildegard Müller, president of Germany’s Vda (*Verband der Automobilindustrie*), in turn highlighted the importance of financial support from the state during the pandemic to subsidise cutting the working hours of around half of the 814,000 direct workers in the car industry, which, as the heart of the entire EU industry, needs additional public incentives to facilitate the transition of road transport to

climate neutrality. Not only the pharmaceutical industry, but the much more powerful car industry is asking for State aid, which it has never lacked throughout its history (8).

The Commission has launched other initiatives for the transformation of European industry, such as the European Raw Materials Alliance, proposed in the Communication [COM (2020) 474 final], or the Ipcei, all of which are accompanied by appropriations from the Member States or directly from the EU (9). Another area in which the Commission will commit significant resources is that of digital technologies such as artificial intelligence, G5, cloud, edge computing and the Internet of Things, which, according to the Commission’s calculations, will contribute to curbing climate change and protecting the environment, as well as changing the organisation of European industry as a whole. In order to achieve this set of objectives, the Commission calls for the joint mobilisation of the public and private sectors, which it estimates will need as much as €260 billion by 2030 (10).

It is therefore not the pandemic that has prompted the Commission to change its economic policy approach: the pandemic has accelerated the implementation of choices aimed at fostering the innovation processes of the whole industry, which in turn has necessitated the suspension of the ban on State aid through the *Temporary Framework* (with the invalidation of Articles 107-108 Tfeu), and the “safeguard clause” for the Stability and Growth Pact (pending a review of the framework) (11).

Member States and EU institutions are active participants in innovation processes. I do not mean to say that they have adopted Mariana Mazzucato’s *Entrepreneurial State*, but they do follow some of her suggestions, for example that of the state as promoter of research and technological development, and the vision of the environment as a new field of investment and profit generation (12). Moreover, Mariana Mazzucato contributed to the elaboration of two documents for the orientation of the EU industrial policies: the first one in 2018 - *Mission-Oriented Research&Innovation in the European Union: A problem-solving approach*

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to fuel innovation-led growth -, and the second one the following year entitled Governing Mission in the European Union, in order to push Brussels to become a catalyst of entrepreneurial initiatives rather than a distributor of welfare subsidies.

4.

The private financial sector is moving in line with the EU authorities' choices. JPMorgan Chase has announced its intention to radically revise its lending policy to facilitate the achievement of decarbonisation targets, which, coming from a bank that has financed the exploitation of fossil fuels to the tune of 269 billion between 2016 and 2019, may raise some doubts, but it does appear credible. In fact, it has no intention of immediately taking away the oxygen of extractive companies, but rather of recalibrating its strategy by allocating 200 billion to environmentally sustainable activities this year. I used the adjective "credible" not by chance, because the energy transition, which will take at least 30 years, means that oil companies, while investing in renewables, will continue to search for and exploit old and new fields. During the transition phase, in order to keep CO₂ emissions under control, they propose to capture and store them in depleted fields or to trade them through the Emission Trading System, both of which are devastating for the environment. In fact, there may be an unforeseen release of CO₂ from sites due to geological events or due to morphological alteration, and a gradual release cannot be ruled out in any case; in turn, the Ets has not so far contained greenhouse gas emissions, being instead an incentive to monetise them, whereas they should simply be eliminated.

If we move from JPMorgan Chase to BlackRock, the world's largest asset manager, we see that the pandemic has accelerated, not initiated, the reallocation of its capital towards sustainable activities. Its chairman Larry Fink, in a letter to the CEOs of the companies in which he holds shares, asked them to "disclose a plan for the compatibility of its business model with a zero net emissions economy, i.e. a scenario in which global warming is limited to well

below 2 degrees Celsius in line with the global aspiration of achieving zero net greenhouse gas emissions by 2050" (13).

The headquarters of capitalism has taken the banner of energy transition and sustainability into its own hands. There is certainly a good deal of rhetoric in these policy statements, but it is a fact that capitalism, in the variety of its institutional expressions, has taken the path of energy transition, environmental sustainability and digitalisation. Can capitalism achieve an ecologically sustainable economy? Or will it only succeed in controlling the most devastating aspects of environmental crises, just as it has so far succeeded in controlling the explosion of social inequalities without eliminating them, or even exacerbating them?

5.

The Covid-19 pandemic has pushed the EU towards new decisions such as the escape clause and the *Temporary Framework* on State aid, and towards new financial instruments such as the Sure to support labour income, the specific Esm funds for health, the NextGenerationEU with the Recovery and Resilience Fund (Rrf) at its centre, together with ReactEu, the Just Transition Fund, the Ipcei and HorizonEurope, which are integrated with the allocations of the 2021-2027 Multiannual Financial Framework. With this set of instruments, the EU ruling elites have made a breakthrough based on two pillars: debt mutualisation, albeit partial for the time being, and public-private partnership. The Eurogroup declaration of 15 March 2021 is an indication of the awareness with which the EU elites have made their choices, stating that new instruments, those mentioned above, have been activated in parallel with the Ecb's monetary policy aimed at preserving favourable credit conditions to ensure that the EU economies move towards a sustained recovery (point 4). Fiscal support, the Eurogroup assures, will continue until the economies have fully recovered, and with the Rrf appropriations it will be possible to implement the "green" and "digital" transition, while only when the economy has consolidated will it be possible to begin plans to reduce public debt, a large part of

which will be in the Ecb budget.

This is one of the many documents that disprove the thesis that the EU's ruling classes make choices that are unaware of the economic and social problems, that their responses are mostly inadequate and short-lived, and that they are not capable of doing their job. It is certainly not my intention to underestimate the inadequacies and shortcomings of EU policies - think of the contracts with *Big Pharma* companies on vaccines - or to conceal the oligarchic and technocratic nature of its ruling classes that defend and manage European transnational capitalism; however, I do not underestimate their operational capacity to create the best conditions for the transformation of institutional arrangements in order to promote capitalist innovation processes. The EU's response to the pandemic, although inadequate to the needs of its inhabitants, is part of a design of "creative destruction" that has been going on for some years and which the von der Leyen Commission is pursuing with great determination.

The pandemic has forced us to rethink health care in order to regain "sovereignty" in the supply chains of certain medicines and personal protective equipment, and to reorganise it by emphasising its territorialisation in order to avoid other negative externalities to the detriment of all other economic and social sectors. Farmitalia, which represents two hundred companies, together with Alisei (a technological cluster of life sciences) and Egualea (manufacturers of generic drugs), has drawn up a one and a half billion plan to bring the production of drugs and active ingredients back to Italy, with the aim of breaking the dependence on China and India, where 80% of the molecules come from. Naturally, the plan envisages support from the State, which should draw resources from the Rrf funds.

The reacquisition of "sovereignty" in the various production fields requires a more active role for the EU at the geopolitical level, and Thierry Breton, Commissioner for the internal market, is its most convinced supporter, aware that it is necessary to secure the flows of raw materials that are indispensable for the energy and digital transition, and at the same time is a

tenacious proponent of the *reshoring* of certain production chains - possible given the size of the EU market. And he is not the only one, given that Mario Draghi, in his current position as President of the Italian Council, claimed in his speech in Parliament on 24 March 2021 that "from 1992 to 2018 exports between European countries grew to 20% of the Union's gross domestic product, thus demonstrating that a single, cohesive European market with the same *standards* also allows intra-European exports to develop. Therefore, we should gradually become less and less dependent on the rest of the world for our exports, as is the case for all major markets and countries. In addition, value chains across European countries have grown enormously. Foreign direct investment from the rest of the European Union into Italy has also increased with the strengthening of the single market. Basically, defending the uniqueness of the market means defending Italian companies that benefit from it to a great extent".

A more solid geopolitical strategy entails an albeit relative autonomy in defence capabilities, first and foremost a strengthening of the military industries, for which purpose a *European Defence Fund* has been set up with a budget of 7 billion euros for the development of new weapons systems. The development of the arms industry, which has always been an incubator of technological innovation, can also help to clear the backlog in the electronics and artificial intelligence sectors, for which the Commission proposed a *Digital Compass* on 9 March.

6.

The challenge for the EU's ruling classes is arduous, because while the transition from fossil fuels to renewables will, in the medium to long term, reduce dependence on oil and gas producing countries, it will increase dependence on countries that hold the raw materials needed to achieve the *Green Deal* and digitalisation. The energy transition requires investments not only in wind, solar and hydroelectric sources, but also in the production of hydrogen, in which Saudi Arabia and the Emirates are investing heavily. The second problem is that the production of the cleanest hydrogen, green

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hydrogen, will require 38% more electricity between now and 2050, the year of the EU's hoped-for climate neutrality. The same can be said for the product and process innovations needed to achieve climate neutrality in other industries, which will require, according to World Bank calculations, 3 billion tonnes of minerals and metals by 2050. In short, less oil and more metals will be used. The green and digital transition will require lithium, cobalt, manganese, nickel, copper, aluminium, rare earths... It is worth remembering that rare earths comprise 17 elements used in the production of superconductors, microchips, magnets, optical fibres, lasers, colour screens, credit cards and in the operation of wind turbines. It will not be easy to become independent from China, which has the largest deposits of rare-earth elements, and it is no coincidence that the EU recently signed an Investment Treaty with it, also targeting mineral deposits.

In conclusion, the energy transition and the Green Deal will require huge amounts of energy and raw materials, which will not decrease the ecological footprint on the planet, just as digitalisation will contribute to the total emission of CO₂ by 4%, compared to 2% for air transport and 8% for road transport, as recognised by the Italian Minister for Ecological Transition Cingolani himself in a speech on 3 March 2021.

I began by arguing that capitalism as a political and social system has failed, as it is unable to guarantee even the primary goods of security and people's lives, but I will end by arguing that its failure does not imply its end, indeed in the crisis its ruling classes are working to make a new evolutionary, technological and organisational leap, without resolving either the social or the *environmental issue*.

Notes

1. <https://www.consilium.europa.eu/it/press/press-releases/2020/03/23/statement-of-eu-ministers-of-finance-on-the-stability-and-growth-pact-in-light-of-the-covid-19-crisis/>;
2. *Ital. ed. by Joseph A. Schumpeter*, *Capitalismo Socialismo Democrazia*, Milano 1964, pp. 78-

79;

3. *Ital. ed. by Joseph A. Schumpeter*, *Teoria dello sviluppo economico*, Firenze 1971, pp. 83, 166, and 117; *the first edition of the work, it is worth remembering, dates back to 1911*;
4. *Financial Times* 25 March 2020;
5. *Cf. Il Sole 24 Ore*, 19 March 2021;
6. https://ec.europa.eu/growth/industry/policy/european-battery-alliance_en;
7. *Il Sole 24 Ore* 5 November 2020;
8. *Il Sole 24 Ore* of 10 July 2020;
9. *See for commodities* <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0474>; *for PPIs* <https://clustercollaboration.eu/tags/ipcei>;
10. *See Commission Communication The European Green Deal of 11 December 2019 COM (2019) 640 final*;
11. *Useful for the Temporary Framework the summary document* https://ec.europa.eu/competition/state_aid/what_is_new/TF_informal_consolidated_version_as_amended_28_january_2021_it.pdf; *for the escape clause see the Commission Communication of 20 March 2020 and the document* <https://ec.europa.eu/transparency/regdoc/rep/1/2020/IT/COM-2020-123-F1-IT-MAIN-PART-1.PDF>).
12. *Mariana Mazzucato*, *Lo Stato innovatore*, Roma-Bari 2013, pp. 57, 167, 175;
13. *Il Sole 24 Ore*, 27 January 2021;

Franco Russo participated in the Italian 1968 movement. In 1976 he participated in the construction of Democrazia Proletaria, for which he was elected deputy. After 1989, when Dp was dissolved, he helped build red-green associations. As a member of Rifondazione Comunista, he participated in the experience of the European Social Forum in the Charter of Principles of the other Europe working group and was elected deputy in the Italian Parliament. He is now active in associations dealing with constitutional democracy, labour law and the European Union.

Conference on the Future of Europe – Considerations from the Left Perspective

European Left

Preamble

The “Conference on the Future of Europe” is a joint initiative of the European Parliament, the Council and the European Commission. It started on the 9th of May with a joint declaration and should be concluded by spring 2022. According to the declaration the conference “will open a new space for debate with citizens to address Europe’s challenges and priorities.” It is intended as a bottom-up approach focusing on the citizens. The success of the conference depends on how it will be organized. The citizens’ participation is crucial, as is the involvement of social movements, trade unions and the parties.

The pandemic has clearly demonstrated the failure of the neoliberal policy model. We have to overcome this socio-economic model. The conference has to be taken as an opportunity for a profound and broad debate about the future European development including also the Treaties. The European Left is committed to this debate.

With the following text we present the position of the European Left. We understand it as a basis and starting point for more specific considerations.

Left perspectives for Europe

The European Union has been in a deep crisis for many years – economically, socially and politically due to its neoliberal principles, rules, treaties and policies. Europe is more

than the EU, but the development of the EU is crucial for the entire Europe. In economic terms, the crisis is expressed in a weak growth and growing macroeconomic imbalances, strengthened by neoliberal policies and single market. Germany, for example, has big trade surpluses caused by strong exports, while other European countries have considerable debts. These imbalances cause considerable problems for the European economic development. From a social point of view the crisis results in high unemployment, in low wages and in an extensive precarization of working and living conditions. Social inequalities increased a lot in all countries within the EU. The democratic crisis is deepening. The Brexit and abstention are the most evident expressions of the political crisis. The rise of the far-right in the last years is also an alarming sign for the political crisis we are facing in Europe. These deficits are on the one hand consequences of the contradictions of a capitalist development, on the other hand, however, they are also the result of the neoliberal austerity policy. The current pandemic deepens this crisis which consequences are so dramatic because of the neoliberal policy with its cuts and privatization of public services. The social infrastructures and especially the health care sector are systematically neglected. Then there are the ecological challenges like the climate change and the digital transition that fundamentally call our way to produce into question. We are facing deep economic, social and political upheavals.

In the pandemic it became evident that capitalism and the predominant neoliberal policy are not able to address the crisis in a

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proper way. If this policy is going to continue the already existing tendencies of disintegration will increase and Europe's future is at stake. We need a fundamental change in European politics and a new vision of the European development.

Our objective is the creation of a social, ecological, democratic and peaceful Europe.

Such a European development can't be based on the Treaties of Maastricht and Lisbon because they impose neoliberal politics on Europe. They have to be changed. The challenges for the left in Europe are to launch the needed political processes in order to shift European politics in the direction we want.

What do we stand for, what do we fight for?

Combating the pandemic – protecting the people

The pandemic largely determines our working and living conditions. The economic and social effects of the crisis caused by the coronavirus are dramatic, affecting in particular the poor and the people working and living under precarious conditions. Unemployment will increase considerably and poverty as well. Every effort has to be made to protect the people. The EL strongly supports the European Citizens Initiative "Right2Cure" for free and universal access to vaccines and for making the vaccine a common good. The operational capacities of the health care sector have to be expanded and improved. We request a European Public Health and Drugs Pole.

Measures must be taken to protect all those affected by the pandemic: workers, small and middle-sized companies, self-employed, artists. We need a rescue plan for the workers and their families. In case of income losses, financial compensation is needed. We oppose any attempt to worsen working conditions, such as the suspension of collective agreements and the reduction of workers' rights. We support

the trade unions in their endeavours to reach agreements to secure jobs.

Social-ecological transformation or a Green New Deal

But we are not only confronted with the pandemic. We are facing profound economic, social and political upheavals caused in particular by the ecological challenges like the climate change. The way we produce is in question. We need a drastic reduction of the CO2 emission. A production based on fossil energies has no longer a future. We need a new European industrial policy focusing on a green industry ensuring industrial sovereignty. This includes a new energy policy based on renewable energies and also a new mobility policy with focus on collective mobility concepts. The socio-ecological transformation, or the Green New Deal, is a key component of the European Left's political strategy.

It's obvious that the neoliberal austerity policy has to be abandoned. Another economic policy is needed. First steps have been made with the suspension of the Growth and Stability Pact and with the Recovery Fund "Next Generation" which represents a remarkable change of the European financial policy. The changes open new contradictions to be pushed in order to pave the way of radical changes in European policies. The Growth and Stability Pact has to be abolished and not only suspended. And it has to be prevented that the Recovery Fund is linked to the European Semester and the financial means for the different countries are bound by restrictive, antidemocratic conditions. These plans need not be transformed into new memorandums. Public investment programs focused on the environment, public services and job creation are required. Democratic control is crucial in order to prevent a purely capitalist modernisation that is barely green at all. A left-wing Green New Deal must be a comprehensive concept geared towards the common good. We

need public investment in infrastructure, social services such as health care, affordable housing, education and culture.

For the left, the combination of ecological and social needs is essential. There is no doubt that a green industrial revolution, as the Labour Manifesto calls it, is necessary. But equally, workers affected by these changes must be protected. “Just Transition”, as promoted by the Ituc, is a concept that combines ecological transformation with social protection and aims to ensure that a green economy can provide decent work. Workers must not only see their rights strengthened in this transformation process; they must also be directly involved. Their direct involvement is indispensable for a left-wing Green New Deal. From a leftist perspective, therefore, the connection of the Green New Deal with economic democracy is paramount. This also distinguishes it from other concepts.

A Left Green New Deal must be understood as a comprehensive transformation concept that combines ecological and social requirements and ensures the direct involvement of the workers themselves. It breaks with neoliberal European policy and also goes beyond the limits of capitalist development.

Social rights

A left-wing Green New Deal must go hand in hand with the expansion of workers’ rights. This can be linked to the pillar of social rights as adopted by the European Commission. It contains 20 principles regarding equal opportunities and access to the labour market, fair working conditions, social protection and inclusion. With an action plan these principles should be turned into concrete actions to benefit citizens. However, the Pillar of Social Rights must not remain a non-binding intention. Rather, these social rights must be binding in form of a Social Protocol in the EU Treaties. This has to include equality of rights of women in terms of wages, working conditions, professional

progression, social participation at all levels. Neither economic freedoms nor competition rules shall have priority over fundamental social rights and in case of conflict the fundamental social rights shall take precedence. This is a clear demand by Etuc and also the Trade Unionists Network Europe (Tune) campaigned for it.

The Pillar of Social Rights and the Social Protocol are a starting point. It’s necessary, however, that European-wide campaigns are set in motion. We need strong trade unions with a strong collective bargaining power. This is the basic condition for getting decent working conditions and wages that you can live on. Gender equality has to be taken into account. In this context also high minimum wages in Europe are required. The new European Directive is a step forward but has still to be improved. We oppose the neoliberal labour market reforms which intend more flexibility, less protection against dismissal and in particular the priority of company agreements instead of collective agreements negotiated by the trade unions. Thus, collective bargaining power, the main trade union activity, is weakened. But we need strong unions collaborating with social movements, women’s organizations, citizens initiatives and left parties.

We have immediately to act, without waiting for 2030, and take immediate, emergency measures to protect workers: - banning dismissals during the crisis – protecting and extending collective agreements – fighting against poverty immediately – protecting all the stages of life (income for students, security for job and training) – making open-ended jobs the standard in Europe. The social rights, and systems of social security have to be aligned on the best level in Europe.

The current crisis is highly dangerous for women’s rights, which are faced with high regressions. The EL is engaged for a Framework Directive for implementing the most favoured European clauses for women and banning inequalities on wages.

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Financial means have to be used for the peoples' needs:

- refunding Ecb: relocating the funds from Ecb into social needs, putting Ecb under democratic control, allowing Ecb to loan directly to member states;
- strengthening taxations on big companies;
- taking concrete measures against fiscal avoidance.

Defending democracy

The health crisis is being transformed into a crisis of democracy. The pandemic is emerging as a testing ground for the resilience of the rule of law and the challenge to individual rights and democratic freedoms. The effort to confront order and security with freedom and rights is ongoing. The dangers to democracy are obvious and for this a comprehensive response and confrontation by the progressive left forces is needed, with initiatives and joint action.

Peace and disarmament

The EL is a strongly committed to peace and disarmament. Without peace there is no future for humankind. Peace and disarmament should be put to the centre of policy making. Military spending must be reduced considerably in favour of healthcare and meeting social needs. It is time for an initiative for a new policy of détente.

We are against the militarization of the EU and reject PESCO. European solidarity is not expressed by military means but by

strengthening common civilian structures. We disagree with the politics of Nato and oppose the war manoeuvre "Defender". We must continue and intensify our resistance against those dangerous military exercises. Nato is not an organization defending the interest of the Europeans. With its aggressive activities, it is a dangerous organization. Nato has to be dissolved in favour of a new collective security system, which also includes Russia.

A European peace order on the basis of common security is the alternative to war and confrontation. In this context also the role of Osce must also be strengthened.

The EL calls European states to ratify TPNW treaty, entered into force in January 2021.

Fighting for peace and fighting the climate change are linked to each other. It's necessary that the peace movement, the climate and environmental movements like "Fridays for Future" and also social movement come together more strongly.

Faced with those who have proposed a format for the European Conference that cuts democratic participation in favour of the elites and political leaders who seek personal promotion, we, from the Left, propose a broad participatory process, with national Parliaments, open to citizens in which all types of social, trade union and political organisations are involved.

A process for finding out common points to discuss our ideas at the European Forum. We invite all thinking about an alternative European development to participate. We invite all to join the European Forum organized by the left, progressive and ecological forces which will take place in November.

Capitalism's Deadly Threat

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