



European Economists for an Alternative Economic Policy in Europe

26th Annual Conference on Alternative Economic Policy in Europe

***European Green Deal or socio-ecological transformation? Towards a global-local agenda
Workshop Programme***

Workshop 1: Macroeconomic Policies (Coordinator: Trevor Evans)

1. Andrei Guter-Sandu (London School of Economics) & Steffen Murau (Boston University)

Title of the Papers: **The transformation of Eurozone governance: Alleviating fiscal discipline through a proliferation of off-balance sheet fiscal agencies**

Abstract (max. 250 words): The Eurocrisis dispelled the "neoliberal" Eurozone governance approach that the "efficient" crowd intelligence of private financial institutions would "discipline" the balance sheets of national sovereigns. Instead, during the Eurocrisis, the private balance sheets of Eurozone financial institutions contracted sharply and had to be bailed out by European treasuries. Rather than disciplining public balance sheets, private balance sheets forced the treasuries of the most crisis-ridden countries to massively expand and take on new debts for the bailouts. Even though these events should have sensitised European policymakers to the evolving complex role of public balance sheets for Eurozone governance, the official reforms—first and foremost the Fiscal Compact—reinforced the orientation towards market discipline.

While these developments have been well-noted, what has been less explored is the proliferation of alternative channels for governance in the Eurozone. Indeed, we argue that the Eurocrisis has triggered a process of strengthening a distinct governance logic that emphasizes "off-balance sheet fiscal agencies". Our paper traces the evolution of this mechanism of "governing at a distance" by looking at four off-balance sheet agencies that acquired fiscal responsibilities: first, the European Investment Bank which predates the Eurozone; second, the European Stability Mechanism, which emerged during the Eurocrisis and may be transformed into a European Monetary Fund; third, the Single Resolution Fund, which comes close to a European deposit insurance scheme for systemically relevant banks; and fourth, the European Commission's plans for a special purpose vehicle to securitize national sovereign bonds and issue "European Safe Bonds".

2. Amélie Barbier-Gauchard, Meixing Dai, Claire Mainguy, Jamel Saadaoui, Moïse Sidiropoulos, Isabelle Terraz and Jamel Trabelsi (Affiliation: University of Strasbourg, University of Lorraine, BETA, CNRS, 67000, Strasbourg, France.)

Title of the Paper: **Towards a more resilient European Union after the COVID-19 crisis**

Abstract (max. 250 words):

The pandemic crisis constitutes an unprecedented challenge for the European Union and for the Euro Area. Indeed, the European institutional architecture can be viewed as being half-way between an association of sovereign states (like the United Nations for example) and a politically integrated federation (like the United States for example). In this original construction, competences on several matters (like economic, political, social and sanitary issues, etc.) are shared at the European level, but also at the national and local levels in more complex ways than in fully integrated federations. To improve the resilience of the European Union to violent external shocks, the main objective of this paper is to determine to what extent these competences have to be transferred to the federal level. In this respect, we will consider whether a federal leap is necessary in several areas namely (i) monetary and fiscal policy (rules), (ii) labor, migration and cooperation policies and (ii) industrial and exchange rate policy. Despite a highly uncertain context, we draw up some perspectives for the future of the European Union.

3. Etienne Schneider (University of Vienna, Department of Political Sciences)

Title of the Paper: **German Ordoliberalism in decline? The EU recovery fund, reconfigurations in the German power bloc and entry points for progressive transformative strategies.**

Abstract (max. 250 words):

The EU recovery fund and the Franco-German proposal initiating it have not only been portrayed as the 'Hamilton moment' of the EU by German finance minister Olaf Scholz. Even progressive forces such as the German Trade Union Confederation (DGB) have referred to the recovery fund and the EU's new capacity to issue bonds on the capital markets as a "quantum leap" in European fiscal policy. This poses the question whether the German power bloc has fundamentally changed its position towards European Economic Integration in light of the Corona crisis, potentially opening up much more space to transform European Economic Integration from a progressive angle than hitherto existed.

The paper addresses this question by exploring the constellation of interests within the German power bloc towards the reform of the European Monetary Union (EMU) from the last Eurozone crisis until the current discussions over how to find a common European response to the Corona crisis. The investigation is based on an extensive analysis of position papers as well as expert interviews with German business associations, party representatives and ministry officials in Germany, conducted as part of my dissertation. Against this background, I argue that Germany's approval of a recovery fund based on a common EU debt instrument does not represent a fundamental paradigm shift within the German power bloc, but indeed constitutes a defeat of its 'hawkish' fraction, particularly within the German finance ministry, opening up some crucial entry points for progressive transformative strategies.

4. Jacques Mazier (University of Paris Nord- Paris 13)

Title of the Papers: **Alternative monetary policies for a way out of the corona crisis; what room of manoeuvre?**

Abstract (max. 250 words):

Public debt has been increasing a lot to fight the corona crisis. This public debt is sustainable in most of the countries as long as the real interest rates remain below the growth rate, even a high level of public debt ratio. However the management of the public debt has to be discussed as speculative attacks remain possible. Alternative policies exist: The fiscal orthodoxy still exists, especially in the European northern countries and would imply a long term austerity policy. A more inflationist growth would help to reduce the cost of the debt but is not easy to manage. Higher taxation on wealth and high incomes would help to increase the public resources and would be welcome to fight inequality. However it would not be sufficient to solve the public debt problem. The recourse to central bank is more and more requested.

- I. The QE has been used since a long time. It has helped to reduce the interest rates but it has mainly stimulated the financial markets and the housing market with a limited impact on the real economy.
- II. The helicopter money can be distributed to households and firms or to the government. The first form would not be sufficiently targeted and would have a negative impact on the net wealth of the central bank. The second form is discussed below.
- III. The purchase of a part of the public debt by the central bank and its transformation in a perpetual debt with limited or without remuneration is another proposal. It would reduce the public debt but could lead to increasing rates of interest on the public bonds which have to be re-issued.
- IV. The cancellation of a part of the public debt is a more radical proposal. It could reduce dramatically the net wealth of the central bank and would make borrowing more difficult in the future. The risk of increasing rates of interest would also be important.
- V. The monetary financing of public expenditures is the last proposal, the central bank purchasing public bonds on the primary market. For countries with a true central bank like the US or UK it would not be a radical innovation. The case of helicopter money towards the government is another possibility of monetary financing. It would be close to the case of a partial cancellation of the public debt. It would also deteriorate the central bank's net wealth and could lead to increasing interest rates. For the euro zone countries who do not have a true central bank, the situation is different and purchasing on the primary market by the ECB could be more efficient. But the heterogeneity of the national public debts and the lack of a European debt would remain a problem.

The alternative monetary policies will be assessed and compared to evaluate the unequal room of manoeuvre of the different countries.

5. Roland Kulke (on behalf of transform Europe)

Title of the Paper: **Coalition of the Willing for Eurobonds**

Abstract (max. 250 words):

The Corona Crisis has hit the EU economies with unimaginable force. Even in Summer 2020 nobody knows how deep the cuts in the social systems and loss of productive forces will actually be.

The European Commission has published its proposals for the Recovery Fund with 750 bn. Euro in May 2020. transform! europe proposes another solution which could support the Corona affected countries with bigger financial resources than the EU will use to support the EU-economies, once the negotiations will be finished. Massive financial resources will be needed not only to battle the Corona Virus but also to achieve what is getting more urgent with every day: a truly radical socio-economic transformation of our societies.

The Eurozone has no lender of last resort and is therefore a unicorn in the world of monetary areas. Every Member State (MS) is on its own on the markets. The European Central Bank (ECB) can support the MS only by buying their sold bonds that are traded on the secondary market. This secondary market is the "capitalist market", the real financial market. In the current discussion on "Eurobonds", the ECB would be the primary buyer, hence the bond would not "enter" the secondary market and would therefore not be subjected to supply and demand, or as it might be better called: speculative attacks.

There are two official arguments against allowing the ECB to act as an usual national bank: First it could cause high inflation. The second argument is a purely moral one, but as economists hesitate to say it that bluntly they add another word, so it is called "moral hazard".

On 25th April 2020 nine heads of states of MS wrote a common letter to President of the European Council, to the Belgium Charles Michel, to argue in favour of "Corona Bonds" as a 'mutualised asset'. The nine states have 213 mio. citizens and had a GDP of nearly 8 bio Euro in 2019, while Germany alone had 3,86 bio Euro GDP, thus having at least double the German GDP as "background" to a common bond.

What can be the legal base for a common Corona Bond?

One of the first reactions of financial "frugal" actors will be to announce that corona bond issues by a "Coalition of the Willing" would have no legal ground in the Lisbon treaties, or might even infringe EU law. We therefore must take a look at this law, how to interpret it and if there is a potential legal basis for corona bonds.

Regarding our topic there seem to be at least three possible legal bases, we can refer to in arguing in favour of a "coalition of the willing corona bond". Article 122 b TFEU; supportive also Article 168 / 1 TFEU should be mentioned; the strongest might be the "solidarity clause" of Article 222 TFEU:

Technical steps the "Coalition of the Willing" needs to take in order to issue the bonds

The MS of the coalition of the willing would need to sign an international treaty that would be compatible with their duties set up Lisbon treaty, especially regarding the monetary union.

Use of "Enhanced Cooperation Framework" contained in the EU Treaties

6. Yannis Eustathopoulos (ENA-Institute for Alternative Policies Athens)

Title of the Paper: **The role and duties of public authorities in corporate bailouts: "business-as-usual" or opportunity for fostering socio-ecological transition?**

Abstract (max. 250 words): The economic impact of the pandemic has revived the issue of corporate bailouts. Due to the depth of the recession, it is estimated that a drastic increase in the number of companies in need of equity/capital injection could take place during following months in order to avoid the risk of a massive solvency crisis. Some key-questions concerning bailout policies remain however open:

- Should governments set strict criteria for the selection of companies that will receive support (e.g. social and climate-environmental footprint, compatibility of business models with societal goals and other policy priorities)?

- Should public authorities establish clear socio-ecological conditionalities on businesses par-

icipating in bailout schemes or should growth be considered as an absolute priority regardless of its qualitative features?

- What is the role of public authorities and public bodies such as national development banks and public wealth funds in bailouts? How can the state support more specifically SMEs?

Overall, two competing approaches can be distinguished:

- The "neoliberal approach" advocates a short-term and neutral intervention of the state in companies based on the experience of the recapitalization of financial institutions during the financial crisis of 2008-2009

- The "progressive approach" sets clear criteria and conditionalities. The current circumstances are considered as an opportunity for public authorities to actively support and monitor the socio-ecological transformation of businesses into resilient, sustainable and knowledge-intensive activities.

Workshop 2: Critical Perspectives on the European Green Deal (Coordinator: Werner Raza)

1. Pascal Petit (CEPN Paris 13)

Title of the Paper: **Can the EU green deal be turned in time in a common SDGs plan**

Abstract (max. 250 words):

The EU green deal, boosted by the COVID19 crisis, is so far very much part of an emergency plan to bail out most of the activities badly hurt by the lockdown of the world economy in the first semester of 2020. A major issue is then to know to what extent this plan can be turned into a real transition plan towards a sustainable development path. It can be the case depending on the conditions countries can afford to put on these public interventions, which in turn much depends on the type of social contract prevailing in each nation. Being member of the EU can help to rally members to extend the range of SDGs. Taking into account the diversity of the EU social contracts, the paper will try to assess the different ways that can be used to enhance a « common » SDGs strategy and figure the various scenarios that could occur, taking into account how the rest of the world behave and what the challenge of environmental changes could be.

2. Ronan O'Brien (Independent Researcher in Brussels)

Title of the Paper: **A critical assessment of Green New Deal proposals as a means of socio-ecological transformation**

Abstract (max. 250 words): The theme of socio-ecological transformation or at least some degree of transition has become especially prominent in the last couple of years, and the notion of a Green New Deal has emerged as the most prominent proposal for achieving this. With various levels of ambition in terms of ecological and social goals, as well as urgency, they have been proposed for different geographical levels, particularly at national level on different continents as well as at EU level. This paper makes a critical analysis of the major Green New Deal proposals aimed at national and EU levels, as well as at the global level, and includes also the EU Green Deal. They are compared to more social-science-grounded proposals for socio-ecological transformation by authors such as Gough. In addition, the paper briefly compares in this context the most ambitious climate scenario of the IPCC (the 1.5 degree 'LED' scenario) and the related more extensive '1.5 Roadmap' by research institutions.

The analysis includes the degree of social and ecological ambition, the rapidity of change anticipated, how finance is addressed, the emphasis on supply-side and/or demand-side, the principal actors, democratic participation, social justice, local economy, cities and countryside, public economy, and 'sectoral' considerations such as agriculture and food, transport and industry, as well as the conception of society implied including ways of living, and international issues including trade and technology transfer.

While the large majority of the Green New Deals were proposed before the COVID-19 pandemic, a small number have made proposals in response. The critical assessment/critique will include the explicit or implied approach to a number of issues in this context including re-valuing employment and care, public health, and international solidarity.

3. Joern Janssen (Institut Europeen du Salarat London)

Title of the Paper: **Concepts and dimensions of socio-ecological transformation**

Abstract (max. 250 words):

The present socio-economic crisis cannot be adequately perceived, let alone overcome, within the restrictions of traditional economic categories. This paper suggests a fundamental break with traditional understanding of economic processes. We are confronted with a global process transcending also existing political boundaries such as Europe.

As a framework for the understanding of this global "socio-ecological transformation" I suggest the following approach:

- 1) The human species develops through an appropriation of natural resources.
- 2) The agent of this production process is human physical and mental labour.
- 3) This process of appropriation of natural resources implies a specific distribution of the social product.

Given this approach the present crisis of transformation requires the reorganisation of the whole

process of appropriation and distribution – part of the mental labour process. Given this task we miss the following conditions:

- 1) Generally accepted criteria for the wellbeing of individuals in society,
- 2) Criteria for the maintenance of natural resources,
- 3) Organisation and instruments for observing and producing knowledge about the processes of appropriation and distribution.

These three issues will be elaborated in redefining what we are used to call economics as a matter of research and politics. This paper will try to develop the outlines of 'socio-ecology', its structure and main objects to replace increasingly obsolete data such as gross national product, (un-)employment, property and income, productivity etc.

4. Gjalt Huppes (ex-CML, Leiden University)

Title of the Papers: **The EU ETS: how to repair a dire policy mistake for the EU and the world. A practical policy proposal**

Abstract (max. 250 words):

The Problem

The EU ETS has been set up following the concrete emission reduction targets as were set up in the Kyoto protocol. It has several inherent failures, which however can be repaired quite easily. The failures relate to eight problems of this cap-and-trade system: The system is administratively complex and burdensome on only partially applicable. It is politically vulnerable leading to over-supply and subsidizing. It is economically dysfunctional by assuming equilibrium mechanisms which are not relevant for deep transformations. It creates an instable price signal as both supply and demand for permits is inelastic. It requires adjoining specific policies (e.g. feed-in-tariffs) which then reduce the permit price. It is inherently open to tax fraud and tax evasion. It has influenced the world into the same dreadful direction. And finally, it has created institutional damages, ruining electricity markets and renationalizing climate policy.

The Solution

The EU ETS can be transformed into a viable emission pricing system in three steps:

1. Adjust the amount of emission permits per year to create a fully fixed price, rising per year.
2. Stop trading, reducing the cost of trading and the cost of fraud and tax evasion to zero.
3. Move the administrative application of the system upstream, to imports and primary production and exports and CCS. The system is open for other countries to join. This change is possible on short notice.

5. Karim Belgacem ("l'Europe à nos portes" "europe on our doorstep" Paris)

Title of the Paper: **France facing its contradictions in climatic and migratory upheavals: which French policy in the European space?**

Abstract (max. 250 words): The recent events of Covid 19 have unfortunately revealed a fragile France, unable to anticipate and act due to excessive centralization of power. Symbol of a country with a social vocation, this crisis revealed in France the difficult conditions of trades and remuneration of hospital employees. Since the start of Emmanuel Macron's mandate, France has gone through many protests such as the yellow vests, demanding better living conditions and numerous strikes in reaction to the pension reform. At the same time, French debt is difficult to reduce and this will increase sharply due to the measures taken to protect and compensate employees during the Covid crisis 19.

France will have to ensure the ecological transition. The last municipal elections last July confirmed the growth of the Greens. If we have to add the management of migratory flows, France will have to find the means of its ambitions. Lack of money or political will? Driving force of the European Union, can France be at the rendezvous of the ecological and migratory challenges that await the European Union? This article will analyze the current French situation on the political, economic aspects and in view of the management of migratory flows and its environmental policy, we will be able to draw lessons from the crisis management of Covid 19 and its consequences on France.

6. Laszlo Trautmann, Daniel Baranyi & Andras Sugar (Corvinus University Budapest)

Title of the Paper: **The education of technology to economists**

Abstract (max. 250 words):

Recently a great turmoil can be seen in the several European societies due to the social inequality exacerbating the pandemic. Many political and economic solutions launched for this problem, however, their feasibility is questionable. The aim of the paper is to prove that a common technological perspective can mitigate the tensions. This technological perspective does not belong only to the engineers, but other professionals should embrace it as well. The common perception of the progress can provide a development path for every professionals and help to build the trust in the governance, to accept the technological changes, and to adjust for them. This common perception essentially a coherent perspective for the future including the necessary economic policy, business models and a continuous dialog among some professionals. In the last couple of decades, in the neoliberal era, this perspective was missing. The idea of progress disappeared in the economists' mind and in the economists' curriculum as well. The result of the lack of knowledge of technology is the insensibility of the technical novelty among the economists, the low level of vocational training and the silos among several professionals. These phenomena can be perceived mostly in the newly joined countries and it will be supported with empirical method in the paper. Beside it, we would like to argue for the necessity of the subject of technology in bachelor programs for business studies and make some policy advices about the content of this special subject. Our strong standpoint in this question that a more or less common subject at European level can help the development of the European Union.

Workshop 3: Feminist approaches to a Green New Deal (Coordinator: Marcella Corsi)

1. Marcella Corsi, Sapienza University of Rome

Towards a feminist Green New Deal

This paper maps out the common themes in existing Green New Deal (GND) plans and analyses them using a feminist analytical framework, that combines dimensions of substantive gender equality and principles of feminist ecological economics. It discusses the potential as well as the problems in existing GND plans and responds with a set of recommendations for what a feminist green new deal that addresses the goals of substantive gender equality and living within ecological limits would entail.

2. Lorena Lombardozi, Open University

Social Reproduction and the Universal Basic Income

Despite extensive attention being paid to the effects of the Universal Basic Income (UBI) on society at large, little critical analysis has been developed on the relationship between gender inequality and UBI. The purpose of this article is to first reflect on the feminist arguments in favour of UBI and then problematises some of these points by also reflecting on other available policies. By looking into the role of women's work in both productive and reproductive activities, it is argued that UBI should not be disregarded as a social policy. However, its transformative capacity to empower women and to strengthen their role in society should not be overestimated. In order to address this gap, policymakers should address misconceptions around gender norms and acknowledge the multiple forms of women's work across the social relations of production and reproduction.

3. Alessandra Mezzadri, SOAS

Social reproduction: debating inclusive theories, politics, and policies

The paper argues that reproductive realms and activities contribute to processes of value-generation through three channels: first, by directly reinforcing patterns of labour control, expanding rates of exploitation; second, by absorbing the systematic externalisation of reproductive costs by capital, working as a de-facto subsidy to capital; and, third, through processes of formal subsumption of labour that remain endemic across the majority world. I conclude that the exclusion of informal and informalised labour from debates on the relation between social reproduction and value creation will inevitably lead to problematic – in fact, dualist – understandings of capitalist development. I discuss by way of conclusion the political relevance of stressing the value-producing nature of wagelessness for a politics (and theory) of inclusion, able to capture the leading features of the contemporary world of labour, and aimed at building solidarities between productive and reproductive struggles.

Workshop 4: The social and solidarity economy (Coordinator: Peter Herrmann)

1. Kristina Rasolonomalaza (Aix-Marseille University)

Title of the Papers: **Tackling Legal Uncertainty of State Aid and Compensations for Public Service Obligations in the Social and Solidarity Economy**

Abstract (max. 250 words): Pursuant to Article 107(1) of the Treaty on the Functioning of the European Union, “any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market”. Article 107 (2) sets a limitative list of exemptions to this rule while Article 107 (3) imposes an ex ante control procedure of compatibility with the internal market. The purpose of the EU lawmaker is to have less but better targeted state aids to boost the European Economy. The paper contemplated will demonstrate that a distinction should be made between, on the one hand, state aids granted for the sake of social utility of social enterprises (and thus in view of their social impact) and, on the other hand, compensations for public service obligations. The former should be declared lawful under Article 107(2), subject to the demonstration of their social utility through social impact assessment. The latter should be considered as a price owed by national public authorities, subject to the various management controls required in national Public Law, such as the control of proper achievement of public interest objectives in French Law.

2. Davide Antonioli (University of Ferrara), Massimiliano Mazzanti (University of Ferrara) and Salvatore Monni (Roma Tre University)

Title of the Paper: **Italian regional imbalances through the lens of the Basic Income distribution: inequalities and development through the crisis**

Abstract (max. 250 words):

Inequalities and social exclusion have globally increased in the last decade after the Great Recession. The European Union experimented a trend of real divergence among countries and some of the latter experimented an internal divergence among regions, especially, but not limited to, in southern areas. One of the prominent example in terms of the increase in imbalances among regions is Italy. The current pandemic, on the one hand, hit mostly the northern industrialised regions of the Italian country, levelling down the national socio-economic activities, on the other hand, the process of recovery at different regional paces, from the forced economic lock-down, may exacerbate the ongoing regional divergence. The main contribution of this work is positioning Italian regions (NUTS2 geographical units) and provinces (NUTS3 geographical units) in terms of applications and access to Reddito di Cittadinanza (Basic Income-BI), a new (operative from the 1st of April 2019) and articulated measure of social protection in Italy. This form of BI is designed as an active policy on the labour market, since it works as an economic support to the family income associated to a path of work and social reintegration, given that the beneficiaries need to be immediately available to train and to work. Evidence is expected to highlight a framework of imbalances that mimics that of other socio-economic indicators in a human development perspective, but possibly with certain peculiarities that are worth being scrutinised and analysed in light of the ‘recovery’ actions that will be implemented. The BI policy should be further integrated with labour market policies and innovation-oriented actions. The policy and its complements can contribute to the socio-ecological transformation objective of the EU, according to the ‘just transition’ and ‘green new deal’ frameworks. This is especially relevant in a phase where GDP is collapsing in 2020, but possibly strongly increasing in 2021-22. The recovery should be as inclusive as possible. In addition, BI actions should be a tool to support human capital investments and the creation of decent jobs. Preliminary evidence shows that the income redistribution objective of the BI is achievable, given that southern regions, the poorest ones, express the majority of the demands and access to the BI. The geographical distribution should find a complement in human capital investments, education and training, to transform the action in a real opportunity for sustainable human development.

3. Dr. Burak Erkut (Bahcesehir Cyprus University, Cyprus and Institute for Research into Economic and Fiscal Issues, France) & Dr. Ahmet Savasan (Cyprus Health Tourism Council, Cyprus)

Title of the Paper: **Strengthening the public, not-for-profit and solidarity economy**

Abstract (max. 250 words):

Rahm Emanuel, former mayor of Chicago, stated that “You never let a serious crisis go to waste. And

what I mean by that it's an opportunity to do things you think you could not do before."In case of COVID-19, the public was mainly focusing on a lot of numbers –those who are infected, those who are recovering, and those who pass away. Nevertheless, COVID-19 and the post COVID-19 provides an important opportunity for rethinking the solidarity economy on a global level. In this proposed paper, the authors would like to focus on the transformative agenda of theTurkish Cypriot authorities, who, during the COVID-19 pandemic, focused on establishing the foundations of a solidarity economy with very restricted financial resources. The case revolves around the pandemic process of Turkish Cypriot community, which was overcome after very restrictive measures. Nevertheless, these measures not only broke the chain of infection, but also almost-stopped economic activity. The case focuses on how authorities tried to show solidarity with vast groups of people who could not work during pandemics, and what kind of supportive programs were established to support the elderly and the poor groups of people. The transformative agenda not only focuses on public health, but tries to make the foundations of a solidarity economy more permanent. The authors would analyze this case in details, also by giving relevant statistics, and would develop some goals for a further enhancement of the transformative agenda of the solidarity economy, which started due to the COVID-19 crisis.

Workshop 5: Recalibrating production and consumption systems and the role of industrial policy (Coordinator: Mario Pianta)

1. Matteo Lucchese* and Mario Pianta* (*Scuola Normale Superiore, Firenze and Sbilanciamoci!)

Rethinking the European Green Deal: an industrial policy for a just transition in Europe

Abstract

On December 2019 the European Commission launched its proposal for a European Green Deal (EGD), a wide-ranging package of legislation with the aim to address climate change and to ensure a "just and inclusive" transition in the European Union (EU). Unfortunately, the policies set out in this package are not equipped to put Europe on a long-term socio-ecological path, with a radical change with past trajectories and tools for fair and sustainable economic outcomes across countries. Several shortcomings can be identified in the EGD: it lacks a vision of a just, postcarbon economy for Europe; available resources are inadequate to reach stated objectives; implementation tools are limited. Building on our extensive work on European industrial policy (Pianta, Lucchese and Nascia 2016, 2020), we argue that making Europe's production systems carbon neutral would require a broader range of "green" industrial policies that need to jointly address environmental sustainability, structural change and fairness of economic outcomes in Europe among countries and regions.

References

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2. Lucrezia Fanti* and Maria Enrica Virgillito (**

Unequal societies in usual times, unjust societies in pandemic one

* Istituto Nazionale per l'Analisi delle Politiche Pubbliche (INAPP)

** Scuola Superiore Sant'Anna

Abstract

The explosion of the pandemic has been optimistically considered as the "last straw that breaks the camel's back". At the time of writing, after three months since its out-burst, we can hardly find any sign of a "broken camel": indeed, it could have been the opportunity to collectively question the current regime of production and appropriation, exclusion and marketization characterizing this phase of unjust "rentified capitalism", but the route taken has largely seen a frightening combination of "business as usual" on the production side and pervasive forms of social control, limitations of individual and collective rights and the perpetuation of a false dichotomy between economic and health security. This pandemic, which under decent public health provisions might have been a controlled disease, is producing the most severe crisis after the Great Depression and has been used to implement forms of massive social control hardly conceivable in "advanced democracies". Butterfly effects are well-known in complexity sciences. However, social scientists have still difficulties in understanding how a grain can make the sandcastle fall down. On the contrary, we are now under the actual risk of starting a "new normal" without dealing with the deep routes and origins of this crisis, with the dominant intellectual discourse pushing for maintaining and indeed reinforcing the status quo, established power and social blocks. This myopic strategy might end up in collectively disruptive socio-political transformations, so that the necessity to reshape our production and socio-economic systems via far-reaching and medium-long term industrial and economic policies should be at the core of the post-Covid agenda.

References

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3. Mauro Napoletano*

Lockdown, regional and sectoral dynamics

* Sciences Po, OFCE

Abstract

Italy is now in the middle of phase 2, despite the threat of the Coronavirus has not completely disappeared. This study carries out a sectoral and regional analysis of the economic impact of the Coronavirus emergency with two purposes: i) to evaluate the economic impact of the containment measures; ii) provide useful information to manage a new lockdown (an event that could be repeated following a possible outbreak of the epidemic) and the subsequent reopening of the economy. Our analysis shows how the strong interdependence between the productive sectors and the high dualism of the Italian economy impose strong constraints on the management of the restarting of economic activity after a lockdown. At the same time, a detailed analysis of the production chains - identified on the basis of the questions they satisfy (e.g. clothing) and foreign markets (e.g. USA) - and the exposure to the Covid-19 risk of the workers involved allows to identify the risk of contagion linked to production and differentiate it at the regional level. The conclusions of the analysis of the chains and foreign markets considered induce a cautious optimism, because the number of workers exposed to the Covid-19 risk would be just over 1% of the total of Italian workers compared to a production equal to a quarter of the total.

References

Tommaso Ferraresi, Leonardo Ghezzi, Fabio Vanni, Mattia Guerini, Francesco Lamperti, Giorgio Fagiolo, Alessandro Caiani, Mauro Napoletano, Andrea Roventini, *Lockdown, dinamiche regionali e settoriali*, 7 June 2020: http://www.irpet.it/wp-content/uploads/2020/06/sqdl3_lockdown_dinamiche_regionali_e_settoriali.pdf

4. John Szabo (Central European University & Centre for Economic and Regional Studies)

Title of the Paper: **Hydrogen as an impediment to socio-ecological transformation?**

Abstract (max. 250 words):

The European Union has long presented itself as the leader in combating the unsustainable practices that have also spurred the COVID-19 pandemic. The European Green Deal is a further step in this direction by supporting the decarbonisation of the bloc's energy system. Renewables and electrification are half of this story, but many have identified hydrogen as the missing link in the energy transition.

A renewable-based – potentially decentralised – hydrogen society offers the fundamental reconfiguration of energy producer-consumer relations. This is poised to have wide-ranging geopolitical implications as it severs fossil fuel-based capitalist relations between governments, fossil fuel enterprises, and consumers. There is another side to this same coin: hydrogen produced from fossil fuels, offering the continuance of the status quo. It is readily scalable and maintains the fossil fuel-based relations of production and trade within the EU and between the EU and third parties, averting radical transformation.

Which form of hydrogen the EU adapts on a wide scale is not only a question of power in terms of availability and scalability since neither path is feasible yet, but they already manifest the deep asymmetries of power in shaping knowledge production as well as policy formulation and implementation. Moreover, the geopolitical risk is rooted much deeper in the structural tendencies of fossil fuel-based capitalism. The EU has to identify these deeply entrenched power relations and empower its populace to adapt small-scale and decentralised hydrogen circuits (where necessary) in contribution to a more profound socio-ecological transformation.

5. Linda Clarke (University of Westminster) & Melahat Sahin-Dikmen, Centre for the Study of the Production of the Built Environment (ProBE), University of Westminster

Title of the Paper: **Constructing a new relation between labour and the environment: What is needed for a post-Covid, green and inclusive construction sector**

Abstract (max. 250 words): The paper is set in the context of European Union (EU) policy to reduce built environment carbon emissions, including through the European Performance of Buildings Di-

rective (EPBD), which – despite EU social and equality objectives – remains gender-blind, technologically-driven and in accordance with ecological modernisation. Difficulties in effectively implementing the EPBD relate to vocational education and training (VET) and the labour process requirements for nearly zero energy building (NZEB). The reasons for the failure of the VET and labour market policies and practices to improve equality in the sector and what is needed to overcome its exclusiveness are further highlighted. Combined, the requirements for greater equality and for a sustainable construction process provide the pillars on which to construct a transformed post-covid industry. In examining local and organisational examples of where LEC and has been achieved, the ingredients are identified for developing an eco- and inclusive construction sector, in particular the coalition of actors – above all the public authorities, VET institutions, unions, women in construction and environmental – essential to this. The paper concludes by advocating a retrofit programme exemplifying how the industry can be transformed post-covid to become inclusive, socially useful and carbon neutral.

Workshop 6: The international dimension of socio-ecological transformation (Coordinator: Judith Dellheim and Frieder Wolf)

1. Johannes Jäger and Lukas Schmidt; Fachhochschule des BFI Wien

Title of the Paper: The EU's Green Deal Proposal in a Global Perspective: Conclusions for progressive policies

Abstract (max. 250 words):

In 2019, the European Commission proposed a Green Deal for Europe. The proposal includes ambitious targets to reduce emissions in order to combat climate change. However, it is rather silent on the international insertion of the EU and its contribution to global environmental problems via multiple mechanisms. The goal of this paper is to analyse Europe's global role regarding environmental issues. On the theoretical level, the paper is based on a critical political economy perspective. Empirically, we focus on the asymmetric interaction between the EU and the Global South. Specific emphasis is put on the role of international financial structures and financial flows and their environmental implications. Thereby, the importance of adopting a global perspective regarding a socio-ecological transformation becomes obvious. Finally, based on our analysis, we derive implications for progressive policies. An important conclusion is that European policies should not restrict but increase the policy autonomy in peripheral countries. This would facilitate sustainable development processes in the global periphery, hinder or reduce the transfer of financial and natural resources (and the shifting of environmental costs) from the Global South and potentially contribute to a global socio-ecological transformation.

2. Judith Dellheim & Frieder Otto Wolf

Title of the Papers: International and global aspects of socio-ecological transformation, including the threats of geopolitical confrontation and militarization, and the need for new forms of global cooperation

Abstract (max. 250 words): Here it is certainly not necessary to argue why peace policy requires socio-ecological transformation and reverse. Rather, the challenge is to show that

- the European Green Deal is not linked to the principle of peace policy and, even more so, in contradiction with this principle

- the way the ruling circles are dealing with the Corona crisis has shown that

a) they either do not see the causes of the crisis or consciously ignore it, which further blocks the socio-ecological transformation, as it is urgently needed,

and that

b) specific elements of the ruling forces/classes want to make use of the crisis for pushing towards a military integration of the EU and a militarization of the EU.

They try to make use of the German EU presidency for this purpose, as it is clearly to be seen in the paper on "Deterrence and Defense in Times of COVID-19 Europe's Political Choices" by the German Council on Foreign Relations. It is no coincidence that these "specific elements of the ruling class" coincide or are largely identical with agents/agencies focusing on some key challenges for a further development of the present EU:

- Digitalisation of the EU;

- renaissance of industrial policy in the EU;

- introduction of important "green" technologies;

- a linking of the military and the civil dimensions of "security", also and especially with regard to dealing with COVID-19 (and with epidemics or pandemics in general).

These problems should by no means be used to reject modern technologies, industrial policy and any connection between security and health policy. On the contrary: they should be used in a specific way to pursue a specific peace policy and specific policies of socio-ecological transformation.

3. Michael Stöckel (political advisor for Klaus Ernst, Member of Bundestag (DIE LINKE))

Title of the Papers: Against the virus of free trade' - post-Covid19 EU trade policy: Anchoring social and ecological standards in the EU trade regime

Abstract (max. 250 words):

The major topics herein are: human, labour and economic rights, right to a sound environment and climate change mitigation, right to public services and right to regulate, corporate accountability for violation of these rights along the supply chain. The dual crisis (climate crisis and Covid19 economic crisis) might be window of opportunity to re-shore and shorten supply chains and even de-globalise our current free trade regime in a social and ecological way. The paper will start by briefly looking into the question of why the current trade model is socially and ecologically unsustainable. Advocates of free markets think that advancement of free market by itself is economically beneficial. However, already before Covid19, the free trade regime came under pressure; e.g. by a wave of protectionism and a crisis in the World Trade Organisation. The tricky question for a post-Covid19 EU is how much of global trade integration is needed. From a progressive standpoint the answer must simply be that the opening of trade is not a goal in itself. It has to be justified in how far more trade can contribute in achieving higher-ranking goals of economic development: eradication of poverty, a catching up of developing countries etc. The dual crisis is a historical momentum to strike a balance of the contribution of free trade to economic development. It can be a window of opportunity to assess whether the current type of free trade globalization has sufficiently contributed to development goals. An analysis of the economic advantages and disadvantages can lead to the conclusion that more than ever there is a need for a paradigmatic shift also in EU trade policy. The EU, as one of the largest internal markets, can become a standard setter for products that are produced with highest social and ecological conditions.