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# EU FISCAL RULES

# The Progressive Post



## MORE DEMOCRACY AND AMBITION!

### **SPECIAL COVERAGE**

EU fiscal rules: more democracy and ambition!

### **FOCUS**

Turkey's domestic polarisation and international constraints

### **DOSSIER**

Progressive cities in Europe: inclusive and sustainable

### **DOSSIER**

Europe and Latin America: continents at odds?

*Pietro Bartolo*

*Miguel Costa Matos*

*Lina Galvez*

*Nimrod Goren*

*Kader Sevinç*

*Kata Tüttö*

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# The Progressive Post

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

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

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

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by Hedwig Giusto

Last April the European Commission presented its plan to reform the EU's fiscal governance. The proposal aimed to address the shortcomings of the current framework, and to promote growth and sustainability by reducing high public debt ratios and facilitating investments. At first sight, this does not seem to be a topic that arrests much attention from the wider European public, whose focus is instead on apparently more pressing issues, such as the cost-of-living crisis or the tragic news from the Middle East and Ukraine. Most EU citizens do not even know that such a discussion on fiscal governance is taking place at the European level. And if they do know, very few are able to navigate the technicalities of such a reform or grasp the entirety of its scope. But there is nevertheless a very important need to reform EU fiscal governance in order to make the Union fit for the future. The Commission's plan, however, seems to lack ambition. This is the main assessment of the authors of our **Special Coverage** *EU fiscal rules: more democracy and ambition!* In fact, while the fiscal governance proposal significantly improves the original framework, it falls short of enabling the green and social transitions, and it lacks instruments to improve the democratic legitimacy of the decision-making process.

This autumn's issue of the Progressive Post has a clearly international scope. In the **Focus** we look at Turkey, a heavyweight in the European neighbourhood but which has a complicated relationship with the EU. Indeed, Turkey is an EU candidate country (this is easily forgotten, but it is still the case) which is constantly drifting away from the Union. The Republic of Turkey celebrated its 100th anniversary last October: an exciting opportunity to observe the country's most recent developments and challenges, its domestic polarisation and international ambitions.

Another region of the world features in our **Dossier** *Europe and Latin America: continents at odds?* This section of the Progressive Post offers an overview of the social, political and economic transformations that are taking place in Latin America, whose nations are increasingly breaking free from the traditional alignment of their foreign policy with more powerful allies in the northern hemisphere.

Our **Dossier** *Progressive cities in Europe: inclusive and sustainable* puts the spotlight on four European cities, where a transformation towards inclusion and sustainability is currently taking place thanks to the vision and ambitions of their progressive administrations. We offer four positive examples of actions that could be replicated elsewhere to boost people's participation and ownership, and to fight climate change.

Finally, the war between Israel and Hamas is another topic that is inevitably covered in this issue. Israel's right to existence, security and prosperity versus the right of the Palestinian people to lead free, autonomous and prosperous lives in a sovereign state is a 75-year-old divide that has not been solved despite countless tensions, conflicts and failed attempts at peace. In October, this divide led to an unprecedented outbreak of violence between Israel and Hamas, following the latter's heinous terror attack and Israel's disproportionate retaliation (the Palestinian death toll has already exceeded tenfold the Israeli one).

As one of our authors straightforwardly puts it: when the West is asleep at the wheel or turns its back to the Middle East, the Middle East invites itself to the party. Today, Europe cannot turn its back. Yet – unlike with the war in Ukraine – Europe is seriously struggling to find its way among the different positions

held by its member states. It is thus still struggling to find a minimum shared approach and a common language. This failure to reach convergence exposes the 'immaturity' of the EU as a geopolitical actor. The stability of its neighbourhood and the EU's global relevance are at stake here. Yet if there is a common denominator among the EU member states, it is the search for peace. It could seem a long shot, but as Nimrod Goren hints in his article, perhaps the political preconditions for peace – namely leadership change – are now slowly unfolding amidst the current war.

# Editorial



Hedwig Giusto,  
Editor-in-chief



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# Europe in time of wars

by Maria João Rodrigues

In this time of wars, Europe will have to reinvent itself if it wants to have a future. Increasing its capacity to define and implement its own European strategy in the face of today's major conflicts will be crucial.

**In the war in the Middle East, we need to be firm in disabling a terrorist organisation like Hamas, but we need to be equally firm in protecting the Palestinian civilian population. We therefore need to push, within the multilateral framework, for the only solution that can bring hope and justice and that can prevent the emergence of a new Hamas: two co-existing democratic states in Israel and Palestine.**

To contain the risk of escalation in the Middle East, at regional, international and domestic levels, we must be careful not to equate Hamas's attack on Israel with Russia's attack on Ukraine, as these conflicts are of a completely different nature. Putin's Russia has an agenda of expanding its sphere of influence not only towards the borders of the European Union, but also in other parts of the world, and thus of maintaining its status as a 'great power'.

► *Avoiding strategic positioning errors on the Middle East and Africa is also crucial if Europe wants more allies in its response to Russia's invasion of Ukraine.*

In Africa, a succession of coups d'état has taken place in the Sahel, where the interference of Russia (and China) is clearly visible. However, it would be an illusion to think the status quo antes of post-colonial European influence could be maintained, as they were centred too much on resources and European interests. The only solution is to start from a genuine partnership with African countries and their regional organisations. This should be focused on sustainable development, and building representative and participatory democratic systems, while also giving these countries a greater say in the multilateral system.

**Avoiding strategic positioning errors on the Middle East and Africa is also crucial if Europe wants more allies in its response to Russia's invasion of Ukraine. The integration of Ukraine, Moldova and the Western Balkans into the EU has become a political and moral imperative,** but what is at stake is the reorganisation of the European continent into four circles: (1) the non-members of the European Union who do not want to be members, (2) the non-members of the European Union who do want to be EU members, (3) the members of

the EU who want to deepen integration, (4) the members of the EU who do not want to deepen integration. Today, there are strong reasons for reforming the European Union. Doing so, may also require some specific changes to the EU treaties regarding the European Union's capacity to decide and act as a political and geopolitical entity.

► *Strategic autonomy needs to be accelerated by building new production and investment capacities.*

In the strategic rivalry between the US and China, Europe must resist global decoupling and fracture. Instead, it must counter these tendencies with three fundamental processes: (1) multiplying its partnerships with various parts of the world; (2) updating the multilateral system – with clear reform proposals for the United Nations Summit of the Future in 2024; and (3) strengthening the European Union's strategic autonomy.



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The strengthening of its strategic autonomy is already underway with the definition of the EU's priorities and rules in the energy, environment, health and digital arenas. But that is not enough: strategic autonomy needs to be accelerated by building new production and investment capacities. To achieve this, Europe should adapt what it invented to deal with the pandemic: a European budgetary instrument based on debt issuance and new own resources, which complements what national budgets cannot provide because they are limited by the common discipline rules of the euro area. Without such an instrument, new and profound regional and social differences will emerge due to the energy and digital transitions.

This new European investment capacity will be decisive for public goods that can only be provided at the European level, such as prominent research, a European electricity network, a public digital network, a European health union, a European public procurement platform, European security and defence arrangements, and a coordinated European position in global fora. These new European public goods, a European citizenship with more content and a European democracy with more participation should be at the centre of a reformed European Union. All the surveys of the European population show an unequivocal result: a clear majority, in all countries, want a stronger Europe for precisely this reason.

► *All the surveys of the European population show an unequivocal result: a clear majority, in all countries, want a stronger Europe.*



*Maria João Rodrigues,  
FEPS President*



# Despite the unprecedented Israeli-Palestinian crisis, new opportunities for peace are emerging

by Nimrod Goren

More than a month since the deadly Hamas terror attack on Israel on 7 October, Israelis are processing the horrors, working to bring home more than 200 hostages, mobilising in mass numbers to support those in need, hoping for the safe return of soldiers and reservists, and yearning for a leader who can take responsibility, show compassion and reassure them about the future.

With all these unprecedented challenges mounting, Israelis generally hold fast to a positive mindset. The Israeli resilience and deep-down belief that 'it will be OK' are evidently at play. Indeed, an Israel Democracy Institute poll conducted in early November showed that 64 per cent of Israelis are optimistic regarding the future of their country (compared to 27 per cent who are not). But this optimism is not yet apparent when it comes to Israeli-Palestinian peacemaking, even though **the Israel-Hamas war may dismantle some major obstacles that have prevented progress towards the two-state solution in recent years**. Additional polls conducted by the Mitvim Institute and Tel Aviv University show that Israelis currently tend to define themselves as right-wing, are sceptical towards the Palestinian Authority and to negotiations with it,

do not believe that Israeli-Palestinian peace can be achieved and are less supportive than before of the two-state solution.

Overall, this is a grim picture for the pro-peace camp, but sadly not a surprising one, given how Israeli attitudes shift rightwards during times of war, and given the public perception, before the Hamas terror attack, that maintaining the status quo is better than making concessions for peace. Nevertheless, **major events – such as the one that Israel is currently experiencing – often shatter public beliefs, lead to a reassessment of deep-rooted concepts, ignite political change and help new ideas emerge**.

This has already happened in Israel following the 1973 Yom Kippur war, which was also a national trauma. Then, it took a few years for

change to materialise, but eventually a dramatic political transformation occurred, and previously-unthinkable compromises for peace (with Egypt) were made. Positive twists in the plot can also occur following the Israel-Hamas war, and possibly at a faster pace.

But they will not happen by themselves. **Diplomatic optimists and agents of positive change – in Israel and beyond – should step up, impact the public discourse and push things in a good direction**. It was Israel's late President Shimon Peres who claimed that optimism is not just a way to perceive the world, but a way to impact the world. When we embrace hope and optimism, he used to say, good things happen. **Some ingredients for progress towards Israeli-Palestinian peace have already started emerging, as paradoxical as it sounds given the scope of the warfare and atrocities**. These ingredients should not go unnoticed.

In Israel, there is a growing understanding that Prime Minister Benjamin Netanyahu's policies towards the Israeli-Palestinian conflict have failed. Until 7 October, Netanyahu advocated the sidelining of the Palestinian issue, and he maintained that Israel could genuinely find its place in the Middle East without advancing the two-state solution, that the division between the West Bank and the Gaza Strip worked to Israel's advantage, and that Hamas was hindered in the Gaza Strip by being split from

the Palestinian Authority in the West Bank – a split that should be sustained to create Palestinian disunity. These concepts collapsed on 7 October. It is still not clear which new concepts will become dominant instead, but a change is coming, and there is an opportunity to shape it. There is also an opportunity for political change. Most Israelis currently see Netanyahu as responsible for the failure and as unfit for leadership. Indeed, the Israeli mainstream sees his extremist coalition as causing even more damage.

While Israeli politics are difficult to predict, **Israelis are seemingly ready for a new leadership, although it will probably not be left-wing. According to the polls, former Chief of Staff Benny Gantz is seen as the most fit for office.** Gantz is a potentially more moderate, responsible and security-oriented leader, who is committed to good governance. He is not a peacenik and is likely to align mostly with right-leaning parties, but he is someone who can resume negotiations and make some pragmatic progress with the Palestinians and the region.

**Israelis are generally united around the war objective of dismantling Hamas' governing and military power.** Looking at what comes next, there is increased openness towards international involvement in the Gaza Strip as an interim phase, while there is hope that the Palestinian Authority will be empowered and revitalised towards its return, later on, to rule Gaza (as was the case prior to 2007, when Hamas violently took over).

The recent activism of the international community may also open up some new opportunities. Western countries, which have generally shied away from the Israeli-Palestinian issue in recent years, have become more active during the war, individually and multilaterally. Many of them have pledged to continue their engagement after the war is over, in support of the two-state solution. Alongside this, regional countries have showcased that they are intending to maintain ties with Israel, despite their heavy criticism of its actions in Gaza. But **they are linking further advancement in bilateral ties with Israel to taking steps towards peace with the Palestinians.**



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Furthermore, on the international front, the EU, Saudi Arabia, the Arab League, Jordan and Egypt launched the Peace Day Effort in September 2023 – a multilateral initiative, joined by dozens of countries, to devise an international package of incentives for Israeli-Palestinian peace. This forward-looking initiative should continue even during these dire times of war. It could generate hope on both sides, by spelling out tangible future benefits of peace, which were not previously put on the table.

**There are therefore some reasons for optimism. A new leadership may take office, on both sides of the conflict, the intra-Palestinian division may come to an end, Israelis and Palestinians may be given more reasons to want peace,** and the international community may play a more important role than before. These opportunities will not come about overnight, and they will not bring peace on their own. However, they hold potential, and if articulated and advanced properly, they can generate some much-needed hope and help make good things happen.

Yet a major ingredient is still missing. **Israelis and Palestinians need to meet each other more regularly, engage in dialogue and learn to cooperate.** People-to-people endeavours were meaningful in the past, but have gradually become rare occurrences. Physical barriers, anti-normalisation trends in Palestinian society, indifference in Israeli society, and international donor fatigue have all taken their toll. Now is the time to change course. A major effort is needed to increase constructive interaction between Israelis and Palestinians, from all walks of life.

The US is contributing to this through the relatively new Middle East Partnership for Peace Act (MEPPA). But this is not enough. Europe has a vital role to play too, as it did in the better days of the peace process. **For years, Israelis and Palestinians met for dialogue in European cities, studied together at European universities and even participated in joint training at the European Parliament. This should not remain a distant memory.** Policymakers, NGOs and donors should prioritise these types of endeavours once the war ends, and should help pro-peace Israelis and Palestinians create a fresh start, despite the hardships involved. This will provide more reasons for optimism, assist in fulfilling the potential of new opportunities and support a transition from conflict to peace.

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*This article is dedicated to peace activist Vivian Silver, murdered on 7 October during the Hamas terror attack. Vivian was an inspiring and optimistic civil society leader, who worked wholeheartedly for decades to advance a future of peace for both Israelis and Palestinians.*

*Nimrod Goren,  
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# US-EU relations: back on track, but for how long?

by Jack Thompson

In recent months, the transatlantic relationship has reached a constructive equilibrium. Both the EU and the US have taken concrete steps to bolster the multilateral order and combat illiberal forces at home. But progressives on both sides of the Atlantic should be realistic about the daunting challenges that lie ahead, and European policymakers should plan for worst-case scenarios.

EU-US relations got off to a rough start after Joe Biden's election in 2020. The rapid and ill-planned withdrawal of US forces from Afghanistan in August 2021, the announcement of the AUKUS security pact (between Australia, the UK and the US) the following month, and protectionist measures, such as the 2022 Inflation Reduction Act, understandably left many Europeans wondering whether Biden would represent a significant improvement on his predecessor, Donald Trump.

Yet, as time passed, a more promising dynamic emerged, and both the US and EU have been doing their part to contribute to a more secure and progressive world. Although both sides could do more, the transatlantic contribution has been essential to Ukraine's war effort against Russia. NATO has been strengthened both by its robust response to Russia's invasion of Ukraine and by its addition of Finland and the forthcoming accession of Sweden. The EU's adoption of an Indo-Pacific strategy and its growing security ties with key regional actors, such as Japan, dovetail well with the Biden administration's efforts to simultaneously reinvigorate the US alliance system in East Asia and de-escalate tensions with China. The recently-formed

Partnership for Atlantic Cooperation should help efforts to bolster non-military security and to deepen cooperation with the Global South, while the India-Middle East-Europe Economic Corridor is designed to strengthen geo-economic ties between Europe, the Middle East and South Asia.

At home, the Biden administration has at least halted, if not begun to repair, the worst problems caused by rising right-wing populist illiberalism. Meanwhile, Europe has seen some positive election results. These include the 2021 election of a centre-left government in Germany, the 2022 presidential election loss of the populist right-wing candidate in France – although the French centre-left has struggled recently – and what appears to be a surprising but welcome victory of the opposition in Poland.

**Unfortunately, enormous challenges loom and maintaining the constructive trajectory of EU-US relations will be difficult. In domestic affairs, both sides are plagued by illiberal movements that pose a threat to transatlantic security.** This is particularly true in the United States, where a large majority of the Republican

party incorrectly believe that the 2020 election was fraudulent and where close to half of Republicans in the House of Representatives favour reducing funding for Ukraine.

Many in the Republican Party are susceptible to a version of contempt for Europe last seen in the 1940s. This modern incarnation of anti-Europeanism is characterised by disdain for European institutions and values, a growing unwillingness to contribute to upholding the transatlantic security architecture and admiration for transnational illiberal political movements. Most worryingly, despite the legal challenges he faces, betting markets now view Trump as the most likely victor in the 2024 US presidential election.

► *Many in the Republican Party are susceptible to a version of contempt for Europe last seen in the 1940s. This modern incarnation of anti-Europeanism is characterised by disdain for European institutions and values.*



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If elected, he will try to sabotage NATO. In Europe, extremist parties such as Le Pen's National Rally in France and the AfD in Germany, are hostile to European defence cooperation, to the EU, and to NATO, at least in its current form.

**Relations with China pose another challenge to fruitful EU-US relations.** Despite recent subtle signals that it welcomes a modest reduction in tensions, Beijing appears committed to an authoritarian and expansionist path. US intelligence estimates that the Chinese military has been instructed to be prepared for an invasion of Taiwan by 2027. Washington and Brussels lack consensus on how to respond to hostilities in the region. The US is likely to assist Taiwan, whereas EU member states have sent inconsistent signals about their intentions.

Other international security challenges on which the US and EU will continue to differ are the urgency of addressing climate change – Europe has a better track record and has formulated more aggressive plans – and the failure of most European NATO member states to spend at least 2 per cent of GDP on defence, a key complaint on the US side.

One of the primary difficulties in maintaining transatlantic unity on principal challenges is the conflict between Hamas and Israel. **Both Americans and Europeans expressed initial sympathy for Israeli deaths and were clear in their condemnation of Hamas. However, in the broader context of the Israel-Palestine conflict, with some exceptions, Europeans have tended to be more sympathetic to the Palestinian cause** – although divisions exist among both policymakers and the broader public – and Americans have been more likely to back Israel.

This latent division is likely to re-emerge, in large part due to US policy. **Behind the scenes, after initial unreserved support for Israel, the Biden administration has played a restraining role in an attempt to curtail violations of international law.** This has included urging the Israelis to delay their invasion of Gaza and to do more to protect civilians. However, despite growing pressure from progressive Democrats, there are few incentives for Biden or other US policymakers to use the most powerful tools at their disposal to influence Israeli behaviour, such as the \$3 billion in annual US military aid.

There is also the danger that **a regional conflict could emerge, with the involvement of Iran or its proxies, such as Hezbollah.** Although this threat appears to have receded somewhat, it has not disappeared. Such a war could lead to direct US military intervention and place European policymakers in an uncomfortable position, especially if the humanitarian situation in Gaza does not improve. Europe already faces security challenges linked to the region in the form of radical domestic groups. In addition, migration, which under usual circumstances is an asset, could strain capacity in the event of sudden large-scale increases. **A broader war in the Middle East would exacerbate the problem of domestic extremism and complicate the issue of migration. It would also likely increase pressure from European policymakers on Israel to accept a ceasefire.**

For too long, the transatlantic relationship has been in need of modernisation. To their credit, European and US policymakers have finally made some headway on this front. But their progress has been modest and could easily be reversed. This means that European policymakers should be planning simultaneously for two different scenarios. They should continue to prioritise constructive relations with the United States, but they also need to accelerate plans to develop more robust institutions and capabilities. This will allow the EU and its member states to safeguard their security and prosperity, regardless of what occurs at the next US election



Jack Thompson,  
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# The wheels are coming off

by László Andor

Frans Timmermans has stepped down as executive vice president of the European Commission. Margrethe Vestager is interested in becoming the president of the European Investment Bank, and Jutta Urpilainen has been asked to run for the presidency of Finland which would mean that she will also leave the Commission well before the end of the mandate. These commissioners used to be political heavyweights in their home countries before moving to Brussels, which was certainly good for Europe. But with their simultaneous departure more than a year before the end of the mandate of this Commission, and with the constant speculation about Ursula von der Leyen preparing to succeed Jens Stoltenberg at the helm of NATO, the Commission's leadership capacity is dramatically diminishing. In fact, it gives the impression that the wheels are coming off and that the achievements of this cycle on major policy fields could remain incomplete.

The merits of the von der Leyen Commission have to be recognised. It launched the Green Deal as an emblematic programme, orchestrated the counteroffensive against Covid-19, and fostered solidarity among EU countries and citizens to ensure that the continent can rise to the challenge of Russian aggression and support Ukraine. However, none of these issues have been one-dimensional, and the complexity of the current situation in particular seems to be overwhelming.

It might have just been a *bon mot* after Jean-Claude Juncker's 'political Commission' but when Ursula von der Leyen called her team the 'geopolitical Commission' it seemed she really wanted to fill this phrase with meaning. Yet contrary to what this discourse promised, the ambition then started to fade, and the concept of strategic autonomy has now been phased out.

**The whole discourse about strategic autonomy emerged a decade ago from the perception that Europe was punching below its weight in international relations. It now seems, however, that the solution to this mismatch is to reduce the weight of Europe to match its punching capacity.**

Today, there are big concerns about the future of the European business model and the European social model too. Ten years ago, the development of the social model was the greater of the two concerns but today it is the survival of the EU's business model. And faced with the simultaneous supply and demand side shocks, the Commission is now standing there like Buridan's donkey: hungry for markets, thirsty for resources, and just perplexed about how such worrisome outcomes can follow from so many good intentions.

► *It is not that there is an obvious recipe against far-right shifts and autocratisation in Europe or elsewhere in the world. However, the EU has turned out to be spectacularly ineffective in the protection of the rule of law in Hungary and Poland in the past decade.*

In particular, there seems to be a lack of ideas about how to meet the global challenge from the US and China in the field of industrial policy when it comes to the US Inflation Reduction Act and support for the de-risking effort. Clearly,



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more common tools (and investment capacities) are needed, but anything new can only come from the next leadership, if at all. Just over a year ago, the Conference on the Future of Europe provided a platform for ambitious endeavours, perhaps even big leaps in the process of European integration. Yet today it seems that this momentum has been wasted, and the tyranny of the status quo prevails.

### | CHOICES OF THE CENTRE-RIGHT

Most observers would say that the right and the far right are ahead of the left today in terms of strategic answers and choices. However despicable this may be from a progressive point of view, the centre-right has chosen a strategy which is essentially about competing with the

extreme right for the right-populist vote by turning against migrants and stepping back from the green agenda. Experience shows that by doing this the centre-right has in most cases actually paved the way for the further rise of the far right.

**It is not that there is an obvious recipe against far-right shifts and autocratisation in Europe or elsewhere in the world. However, the EU has turned out to be spectacularly ineffective in the protection of the rule of law in Hungary and Poland in the past decade.**

Jarosław Kaczyński's government played a geopolitical game in assuming that by becoming a strong actor in Eastern policy, and a close buddy of Washington, its campaigns against the rule of law would not matter anymore. However, the EU would risk losing its identity and cohesion by going down that alley.

**The Spanish national election outcome in July might signal that the far right has peaked, but all over Europe, if it is peaking, it does so at a very high level and it is generating a large-scale backsliding on rights.** Arguably, it is not so much the absolute level of far-right support that is the main concern today, but the nexus between the centre-right and extreme right-wing forces. Various patterns can be observed here. Under pressure from the extreme fringes, the UK Conservatives reprofiled themselves into a populist hard-right party, following the pattern of the US Republican Party. In Germany, the CDU-CSU is leading the polls, but is in strategic agony, with its current leader Friedrich Merz unable to outline an unequivocal answer to the AfD challenge.

Two parliamentary cycles ago, the flexibility of the centre-right led to the decision to tackle the populist wave by effectively joining it in



2014, and to pretend that by slimming down the EU agenda the source of citizens' irritation could be removed. These tactics also helped the failed economic policies of the centre right survive, but such tactics meant that the hay of the Economic and Monetary Union was not made while the sun was shining. Today, the centre-right is keen to revive the controversial set of fiscal rules that clearly failed Europe when they were meant to be enforced, and that are now considered downright obsolete in the aftermath of the Covid-19 pandemic.

The current global economic situation highlights perfectly why the centre-right policy has indeed been the fundamental problem, while the occasional upswings in support for the far right are a symptom. During the euro area crisis, German finance minister Wolfgang Schäuble and his like-minded friends prioritised the creation of current account surpluses everywhere, as opposed to growing the European economy and deepening the single market. The consequence is not only a smaller share and more vulnerable position of the European economy in the global system, but also a misunderstanding of the German surplus by the rest of the world (the US in particular), and now an unfair distribution of the costs of economic warfare that has affected Europe over the last two years.

## | TOWARDS A PROGRESSIVE STRATEGY

Against the backdrop of the fading of the Commission in Brussels and the right-wing manoeuvring at all levels, the Social Democratic strategy is emerging slowly (one could say too slowly). But it is for Social Democrats, and for nobody else, to put back together the progressive agenda of the EU institutions. Until this happens, there are important tasks ahead, both at the EU and national levels.

Ending the cycle of defeats at the national level must be a priority, even if in many cases the shifts to the right did not take place at the expense of Social Democrats, but at the expense of their actual or potential coalition partners. In the past

decade, Socialists in different countries like Spain or Finland have managed to form and lead progressive alliances. The know-how of this ought to be shared. But we also need to learn lessons from electoral misfortunes, like those in Greece or Poland. Reflection is required about the consequences of party splits, like those in Italy or Croatia. In some countries like Czechia, Hungary and Slovenia, centrist parties led by rich businesspeople pulled the voting base out from under the feet of the Social Democratic parties, and the answer to such tendencies must also be found. In certain cases, in France for example, a long-term recovery strategy is warranted.

► *As we approach the European Parliament elections of 2024, the progressive agenda will need to highlight that the EU can actually offer solutions to most problems that are of concern to our voters, as long as the correct leadership is elected.*

Whether we speak about countries where progressives are leading, like Portugal, or where they are struggling, like Bulgaria, the crucial task is to reinforce the centre-left's social base, especially among those hit by the cost-of-living crisis and among those who fear the consequences of a never-ending war. **As we approach the European Parliament elections of 2024, the progressive agenda will need to highlight that the EU can actually offer solutions to most problems that are of concern to our voters, as long as the correct leadership is elected.** Contrary to stereotypes, and occasional indifference towards European elections, it does matter how many people turn out to vote and what leaders are installed as a result of their choices.

While a defensive fight on issues like climate and migration will be inevitable, the centre-left will have to win this election on their home turf: promoting ideas and policies that protect the living standards of Europeans.

It will not of course be enough to recognise the scale of the cost-of-living crisis and talk about it. Progressives aspiring to have EU influence and offices will, sooner rather than later, have to identify some key parts of social safety nets where EU action (either legislative or budgetary) can provide effective reinforcement in the next cycle. They will have to make this a centrepiece of their programme. Once the theoretical parts have been addressed, the new Commission will have to create the tools of an EU industrial policy in practice – for the protection of the climate and to deliver sustainable employment at the same time. The EU will also have to identify the institutional blockages that hinder EU enlargement and will have prepare a targeted treaty change to unblock them.

It may be the case that the next cycle will be one that tests the added value of the EU more externally than internally. When the next Commission is formed, its president should designate a commissioner to prepare for the accession of the Western Balkans and another commissioner for the reconstruction of Ukraine. Other critical tasks will be to fill the European Political Community with real content, to step up efforts for the reinforcement of multilateral institutions (not least to relaunch a peace process in the Middle East), and to prevent a major war in Asia. Just as Asian countries can play a significant role in achieving a ceasefire between Russian and Ukrainian forces, the EU can be instrumental in de-escalating the sinister military dynamics in Asia. In other words, **as the transition to a new global order continues, Europe will either be at the table or on the menu.** This will certainly play a major role in the political debates of the coming year, and we should not underestimate ordinary citizens' awareness of the high stakes.



László Andor,  
FEPS Secretary General

# Towards a humane refugee policy for the EU

A BOOK BY GESINE SCHWAN

The EU's approach to asylum and migration is failing because it is contrary to the values that the Union proclaims.

A pragmatic and humane response to the challenges posed by the refugee protection crisis can be found in municipalities and their active civil society.

Gesine Schwan outlines a detailed proposal on how to engage municipalities and civil society initiatives in the relocation and reception of migrants and asylum seekers.

The proposal will not be a panacea for the complex EU migration and refugee policy. Yet, the tools illustrated in this book could benefit the hosting communities as much as the newcomers.



SCAN TO READ MORE





# Lampedusa tragedy: ten years later nothing has changed

by Pietro Bartolo

I will never forget that day. The body bags lining the Favaloro quay, one after the other, far into the distance. I remember the moans of the survivors and the cries of those who had lost a loved one on the journey. The massacre off Lampedusa on 3 October 2013, in which 368 people died, is one of the most dramatic shipwrecks in the history of the Mediterranean, tragically now surpassed by that of Pylos, Greece, last June.

Many of us, including myself – at the time still a GP in Lampedusa – believed that in front of those coffins, national governments, the European Union and the entire world would start to look at migration as a structural phenomenon, not an emergency, and would thus be able to avoid the repetition of other shipwrecks in the future. The Italian operation Mare Nostrum to save lives at sea had seemed to many the beginning of a turnaround, of a new era, but this was not the case as the operation was maintained for only one year. Instead, each subsequent tragedy has been followed by a new statement – like after the fire at the Moria refugee camp in Lesbos, when European Commission President Ursula Von der Leyen announced a new Pact on Migration based on solidarity between member states that would replace the Dublin Regulation and ease the burden on the countries of first entry.

Today, **ten years later, we can say that little or nothing has changed since that dreadful 3 October 2013 which has now become so**

**distant. Instead there have been steps backward, in my opinion.** Negotiations to approve the new Pact on Migration before the end of the current European Parliament legislature are ongoing, but the outcome is far from certain. The solidarity mechanism among the member states, which involves the automatic relocation of 80 per cent of asylum seekers to all the countries of the Union, and which was approved by the European Parliament after a long and laborious negotiation within its Civil Liberties, Justice and Home Affairs (LIBE) committee, does not seem to be among the priorities of the Council of the EU.

As shadow rapporteur of the Socialists and Democrats (S&D) group for the new regulation on asylum and migration management, I have followed the whole history of this dossier and have drawn on my experience of many years as a doctor in Lampedusa and on the stories I have been told. I have seen with my own eyes the violence these people suffered – in their scars, in the women's skin burnt by petrol, in the legs skinned to see if a different colour was

underneath. Bodies speak, even dead ones. I inspected many of them – too many – during my years in Lampedusa. And I was horrified.

► *Ten years later, we can say that little or nothing has changed since that dreadful 3 October 2013 which is now so distant. Instead there have been steps backward, in my opinion.*

Being an MEP was not in my life plan. In 2019, when I decided to run for office, I did so because I felt powerless in the face of so much suffering and violence. In the aftermath of the Lampedusa shipwreck, I started to speak about what I had seen over the years, first to journalists and then in schools, to try and put a stop to the toxic narrative that right-wingers have always produced about the migration phenomenon. Being a witness to such devastating events invests you with a great responsibility.

Going to Brussels has been and continues to be a furtherance of that commitment. **I am convinced that only politics can really change the management of migratory flows. But I am also convinced that we have to get out of this crazy and continuous electoral race and get back to the real reason for doing politics: the advancement of our society and the common good.** When, after Russia's invasion of Ukraine, it was decided to activate Directive 55 of 2001, which grants temporary protection in the event of a mass influx of displaced persons by promoting solidarity among member states, I thought the directive would finally be applied to those fleeing wars elsewhere in the world as well. Just think of how many Syrians or Afghans have had to rely on human traffickers all these years before being able to claim asylum. But the universal application of Directive 55 has not been the case and the reason is simple: Europe has no unanimity of intent on these issues. The approval of the Pact on Migration is another opportunity to change this. But it will only happen if we place solidarity between member states as well as the migrants themselves at the heart of the pact. It is my firm belief that we cannot and should not compromise on the founding values of the EU, on the respect and protection of human rights and democracy.

► *The short-sighted direction follows choices that have already been made and that have turned out to be wrong and counterproductive. We have seen this for years with Libya, up to a certain point with Turkey, and now also with Tunisia.*

The credibility of the proposal adopted by the European Parliament will therefore depend on how we conduct the ongoing negotiations on the migration pact, even before the outcome of the reform. The agreement towards which the



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Council is pushing aims at strengthening returns and 'externalising' borders. Italy's Prime Minister Giorgia Meloni praised the EU's memorandum of understanding with Tunisia in July, and she has hailed the British government's agreement with Rwanda (under which people applying for asylum in the UK can be sent to Rwanda where their asylum applications are to be considered). Meloni demonstrates the dastard resolve to take the whole EU in this direction. Unfortunately, European Commission President Ursula Von der Leyen has demonstrated the same, saying in her State of the Union speech in Strasbourg: "the agreement with Tunisia is a model to be replicated".

**This short-sighted direction follows choices that have already been made and that have turned out to be wrong and counterproductive. We have seen this for years with Libya, up to a certain point with Turkey, and now also with Tunisia:** these countries, with which the ultra-conservatives want to make agreements, use migratory flows as European cash machines. The result? A very high death toll (more than 26,000 since 2014, according to the International Organisation for Migration), increasing arrivals, and declarations of states of emergency artfully created by right-wing governments that feed fear, insecurity and mistrust. This way of handling the issue undermines the

foundations of our Union from within. Nothing can stop those who decide to leave because for these people the risks of the journey are often the only hope for life they have.

I want to close with the words of a great progressive, David Sassoli. For him, Europe was "a great power of peace placed between the Atlantic and the Urals, placed above the great African continent where the Europeans themselves went to steal everything, with slavery and colonialism, and to which they must restore a prospect of peace and development". "Europe is its own system of rights and rules", he often repeated in his speeches. Recognition of the rule of law, as our S&D president Iratxe García Pérez also recalled, underpins the EU's political dimension. To make agreements with those who do not respect the rule of law is to wreck the Union itself.

*Pietro Bartolo, S&D MEP, and previously a GP in Lampedusa for 30 years assisting thousands of migrants who arrived on the island via the Mediterranean route*





# Clear head and nerves of steel

The dilemma of reforming our fiscal rules

by Miguel Costa Matos

As fears of a recession make fiscal policy ever more relevant, we need to discuss reforming economic governance rules. Many of the Commission's good intentions fail to achieve what they set out, leaving us with a fiscal architecture that is pro-cyclical and unreliable, hindering the green and digital transitions, and economic growth.

After three years without application of the EU's fiscal rules, their return and proposed reform are now coming to the forefront of the economic and political debate. As the obsession with interest rates turns into early signs of an economic slump and with the slow execution of Recovery and Resilience plans still ongoing, national budgets will once again be called upon to save the day. Having supported families and firms through the worst of the inflationary crisis, it will be time for fiscal policy to provide counter-cyclical expansion. This will be important to boost demand and lift growth. It will be crucial to bolster supply, invest in the green and digital transitions, and finance an industrial strategy capable of delivering disinflation. After all, as the Roosevelt Institute has shown, it is an expansion of supply and not the dampening of demand that has made disinflation happen in the US.

As in the interregnum between the 2008 and 2011 crises, our ability to deliver counter-cyclical fiscal policy is contingent on market vigilance and the expectations policymakers set concerning the likelihood of reform. **The calendar is frightfully short and already the mistakes of yore are returning: this summer, the finance ministers of Germany, Luxembourg, Austria, Switzerland and Liechtenstein made**

**an untimely call for budget discipline. This is the fruit borne of the seed sowed by EU and OECD bureaucrats who, amid an inflationary crisis, blamed wages, not profits,** and wanted to wean middle classes and businesses off economic support.

Progressives are thereby thrown between a rock and a hard place – we should not take a bad deal, but some reform just cannot wait. The Commission's proposals to reform fiscal rules come from a good place, but their intentions simply don't measure up. While a shift from annual targets to multiannual plans should provide important flexibility, and, importantly, democratic changes of government will allow changes in plans, the ban on 'backloading' leaves governments very little wiggle room, for example, to deliver fiscal consolidation after economic growth. The intention to abandon 'unobserved variables', such as output gaps, fails as we continue to depend on historically unreliable debt sustainability analyses (DSA), similarly based on obscure and unobserved assumptions. The think tanks Dezernat Zukunft and Instituut voor Publieke Economie have provided a useful illustration of how DSA vary wildly in their projections for debt to GDP over time (figure 1).

This unreliability is worsened by the uncertain impact on spending and interest rates of climate change, as well as of the defence risks on Europe's eastern flank. One welcome step, beyond ownership of expenditure plans, would be to allow member states the 'first move' to propose their own DSA and to welcome parliamentary scrutiny of this instrument.

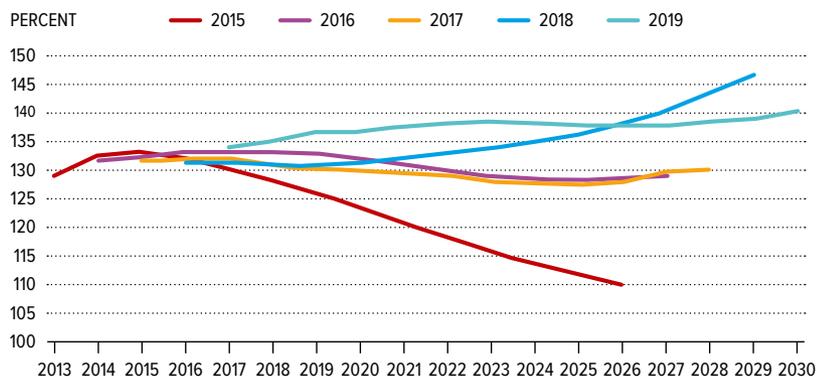
► *When it comes to replacing budget balance for spending benchmarks, policymakers are sleepwalking with alarming consensus into a 'narrative strait'.*

Of course, none of these even touch on the worst underlying point. **When it comes to replacing budget balance for spending benchmarks, policymakers are sleepwalking with alarming consensus into a 'narrative strait'. If the relatively arbitrary and inflexible 60 per cent debt cap and the 3 per cent deficit cap have hounded progressives for years, pushing many squarely into fiscal conservatism, what will happen when the political discussion becomes about limiting expenditure?** It would be bad enough that

FIGURE 1

## Debt to GDP projection Italy

DSA Vintages



Source: European Commission, Dezernat Zukunft and Instituut voor Publieke Economie

virtually no citizen can understand what 'net primary expenditure' is, shutting down fiscal debates too important to be left in the hands of bureaucrats.

But it gets worse. Supporters will say the Commission's proposed expenditure rule excludes interest rates and cyclical unemployment spending and allows for discretionary revenue increases. But how many governments will explicitly raise taxes to raise spending? What about revenue increases that are neither cyclical nor discretionary? In recent years, these revenue windfalls have come from tax bases, such as wage growth, outpacing GDP growth, and more recently from inflation. In Portugal and Spain, two of the few remaining Socialist governments, these revenues have been redistributed to improve public services and provide support to families and firms in need. In practice, the proposed reform would no longer allow this, reinforcing Europe's penchant for small government.

This is, of course, not only a political point. If the last ten years have shown anything, it is that expanding growth is a far more successful strategy for reducing debt than austerity. The IMF, not known for its leftism, concluded as much in

► *While it may be easy to lower debt significantly during 'good times', this turns out to be impossibly hard when GDP takes a hit.*

its April 2023 World Economic Outlook. When all technical estimates suggest this would be the path member states would have to take if the new proposed rules apply, we should return to the question: are these new rules counter-cyclical enough? Or perhaps, more poignantly: if they do not work to bring down debt, what good are they for?

**While it may be easy to lower debt significantly during 'good times', this turns out to be impossibly hard when GDP takes a hit.** That is why 'safeguards' or minimum annual adjustments, as Germany and others have suggested, would be a mistake difficult to fix. The same can be said of the design of the expenditure path, namely requirements that debt be reduced with 70 per cent probability in all cases, including adverse scenarios. Policy should be balanced to consider both the risk of spending too much and the risk of spending too little, especially when we consider that we need to invest at least 1 per cent of GDP to fund the green transition.

We therefore need fiscal rules that are fit for purpose. The challenges ahead – from defence to digital, climate to social, without forgetting the migration crisis or democratic backslide – are likely to require more spending and more Europe, not less. If the pandemic exposed our startling lack of autonomy in an age of globalisation, the travails of responding to the Inflation Reduction Act have shown

how our single market is at risk, in the light of state aid concentrated in the hands of the few. Germany and France account for a whopping 77 per cent of all EU-approved state aid. For all that this may show about the geographic bias in some bureaucrats' hearts, it also shows that industrial policy cannot be reserved for countries with enough fiscal space. While 'golden rules' have disappeared from this debate, they persist undercover in the 'reforms and investments' which the Commission may – or may not – accept in exchange for deviations from the expenditure path. Conditioned on debt sustainability rather than environmental or social sustainability, without a permanent fiscal capacity, they will also depend on member states' own financing conditions.

None of this is great news. It is surely bad news too if we miss this opportunity to reform our fiscal rules, delaying further investments and leaving this deadlock to what the polls suggest may be an even more conservative majority after the European Parliament elections in 2024. To face this quagmire, we will need a clear head and nerves of steel. **It is not too late to improve the details of this proposal and truly turn them into a step forward. If conservatives cannot give up on unreliable and unobserved variables, progressives should not give up on keeping their focus on debt rather than government expenditure.** If the right will not let go of requiring lower debt in even the most implausible scenarios, progressives should make sure that governments have enough wiggle room to choose when to adjust and how much, as well as the flexibility to be expansionary when bad times come. Because we need to be ready when they do come, and they might come sooner than you think.

*Miguel Costa Matos,  
Member of Parliament in  
Portugal, Vice-President  
of the Socialist Party  
Parliamentary Group and  
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budget and finance affairs*





# Daring more democracy!

## How democratisation can fix the EU's economic governance

by Dominika Biegón and Cédric Koch

The EU's current reform of economic policy coordination rules risks worsening rather than improving its democratic deficit. But the proposals could still be democratised, and this would serve the EU both politically and economically.

When the French government raises the retirement age or when a new anti-child-poverty allowance is cut in Germany, EU economic governance rules play an important but often overlooked role. After all, such austerity measures are not only implemented because of national considerations but also take place in the context of European debt rules. These are more than an obscure niche topic reserved for experts: they set the financial limits for member states' political decisions and thus for democracy itself.

► *For progressives, the EU Commission's legislative package is disappointing on several counts. In particular, the proposals are not very ambitious on investment policy.*

Restrictive fiscal rules not only legitimise anti-social policies, but also play into the hands of authoritarian right-wing populists like Marine Le Pen in France or the AfD in Germany. Such rules fuel their narrative of an allegedly distant

and technocratic EU and allow them to present themselves as 'social' voices against the lack of alternatives. From a progressive point of view, greater critical attention to the current reform of economic governance in the EU is thus imperative. Without important changes in this year's reform process, democratic sovereignty over political decisions and the scope for progressive politics risk being further eroded.

### THE COMMISSION'S REFORM PROPOSALS: A MISSED OPPORTUNITY

For progressives, the EU Commission's legislative package is disappointing on several counts. In particular, the proposals are not very ambitious on investment policy. True, some of the innovations might increase the financial scope of member states for public investment: instead of rigid and uniform numerical rules, the EU Commission's more flexible debt sustainability analysis will take centre stage. Growth-friendly public investment should then have a positive impact on the debt sustainability of the member states. In addition, member states are also to be granted a longer debt adjustment path if they submit policy plans deemed by the EU Commission as in line with EU priorities.

Overall, however, the proposals represent a missed opportunity to confront the overdue social and ecological transformation of our economy. For example, no general exceptions to calculating permitted expenditures for decarbonising investments were included. And joint European financing of important investments was deliberately decoupled from the reform of debt rules, instead of making this a condition for more limited national spending.

Equally disappointing is the system's proposed governance. So far, EU economic policy coordination with the European semester at its heart is a largely opaque and technocratic process. Both the European Parliament and national parliaments retain an observer role. The situation is no better for civil society. There are regular consultations with the social partners and other organised civil society actors, but it is unclear if and to what extent their feedback has any influence on the EU policy recommendations.

Instead, it is primarily the unelected EU Commission that drives economic policy coordination and formulates recommendations. The adoption of these recommendations in the Council has largely been a formality and – in contrast to national fiscal policy – is not transparent and without formal influence for the opposition.

Citizens can therefore neither assign clear responsibility for fiscal policy in the EU, nor are they shown alternatives they could vote for if they reject current policies. In other words, European economic policy is coordinated in a way that is largely beyond democratic control.

### THE REFORM'S UNUSED CHANCE TO DEMOCRATISE EU ECONOMIC GOVERNANCE

Yet **the current legislative reform could initiate a turnaround here and strengthen democratic accountability in the EU.** A new study, 'How to democratise Europe's fiscal rules', commissioned by the Friedrich-Ebert-Stiftung, develops legally viable proposals within the current reform process. Author Mark Dawson, a professor of EU Law and Governance at the Hertie School in Berlin, makes clear that the EU treaties do not stand in the way of democratising economic policy coordination. Indeed, the study develops concrete reform proposals aimed at strengthening the European Parliament, effectively involving national parliaments and organised civil society.

Strengthening the principle of democracy is important for at least three reasons. First, **it is central to strengthening the legitimacy of political decisions at the European level. Fiscal policy is by no means a technical matter that can be negotiated exclusively in expert circles.** Depending on the economic cycle, reducing debt too quickly can dampen growth and have negative social consequences. And budget consolidation has large distributional effects which create winners and losers. **How to resolve these conflicts of goals and distribution cannot be left to experts alone, but must be decided by elected parliaments with the involvement of organised civil society.**

Second, more democratic legitimacy could also help to improve the rules' so far lacklustre implementation by them. Many recommendations are not – or only partially – implemented by the member states. Only in crises, when member states' solvency is at risk, has the



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Commission been able to dictate its economic policy reform agenda to member states. Yet the eurozone crisis provides a cautionary example of this 'success': the social and economic costs were enormous, damaged confidence in the EU and boosted populists including those on the far-right.

Third, **the democratisation of EU economic governance is necessary to properly institutionalise an explicit goal of the current reform, namely a balance between social and environmental as well as fiscal objectives.** The current one-sided consideration of fiscal risks alone is counterproductive not least because the social and environmental effects of public spending also involve fiscal costs (or benefits) for the future. According to Dawson, formally integrating social partners and environmental institutions in addition to independent fiscal institutions in national fiscal planning could reduce this imbalance.

### THE NECESSARY DEMOCRATISATION OF EU ECONOMIC GOVERNANCE

History shows that shielding economic decisions from citizens is not only undemocratic, but also ineffective and produces antisocial policy results. **If this technocratic policy style persists, economic policy coordination in the EU risks not only overlooking workers' interests, but also underestimating the economic and social costs of climate change.** Equally, it

risks further fuelling the far-right and its allegations of EU economic policy as an undemocratic straitjacket which is hurting citizens.

A critical public, institutionalised by parliamentary supervision, is therefore needed to put pressure on the EU Commission and governments to make better fiscal policy decisions. This can only be achieved if the current legislative process also significantly strengthens democracy in economic policy coordination. Ultimately, for social as well as political and economic reasons, Willy Brandt's old slogan also applies to the current reform of European fiscal rules: **daring more democracy!**



*Dominika Biegon, head of Unit European and International Economic Policy at the German Trade Union Confederation*



*Cédric Koch, policy advisor for European and International Economic Policy at the Friedrich-Ebert-Stiftung in Berlin*



# The EU economic governance reform: technical and political points

by Philippa Sigl-Glöckner

The economic governance reform is very much a political issue. The EU Commission has brought forward a package for reforming the EU fiscal rules. Behind its technicalities, which the uninitiated may find difficult to navigate, lie choices that are political by nature: which societal objectives should be prioritised? Who should take the decisions? The proposals made here range from improving democratic legitimacy to incorporating the green transition and reforms in the fiscal calculations. While seemingly rather technical, they would allow for a substantial rebalancing of policy priorities in the EU.

Among the technicalities which point to highly controversial political choices, five main areas stand out: enhancing democratic legitimacy, reducing the weight of debt sustainability analyses, incorporating reform efforts in potential output projections, making the fiscal framework coherent with the green transformation, and, last but not least, preventing contractionary austerity. Let us take all these areas in which the Commission's proposals for a new economic governance framework can be improved and – from a progressive perspective – should be improved.

## | ENHANCING DEMOCRATIC LEGITIMACY

The European Commission is proposing to define four-year net expenditure paths for countries based on debt sustainability analyses (DSAs).

Based on the Commission's input, countries should prepare medium-term fiscal-structural plans. If these plans use assumptions which differ from the Commission's medium-term debt projection framework "they should explain and duly justify the differences in a transparent manner and based on sound economic arguments". If the expenditure path included in the medium-term fiscal-structural plan is higher than the technical trajectory put forward by the Commission, "the member state shall provide in its plan sound and verifiable economic arguments explaining the difference."

► *To make parliamentary oversight more than a rubber-stamping exercise, national parliaments should require adequate analytical capacity.*

However, **such an arrangement gives too much power to the Commission, basically allowing it to override the national governments' decisions and thus lacks democratic legitimacy.** The logic should be reversed. For instance, member states should be deciding on the assumptions and methods used for the computation of their respective DSAs and expenditure paths. If there is a desire to standardise (parts of) the assumptions and methods, an intergovernmental working group similar to the Output Gaps Working Group (OGWG) should be in charge of defining these common standards. Transparency is also important, and all data, code and output files used for producing DSAs should be published, allowing for replication of the analyses. Also, national parliaments should have their due role, for instance, by signing off on the budgetary plans negotiated with the EU Commission. **However, to make this more than a rubber-stamping exercise,**

**national parliaments require adequate analytical capacity.** One way of ensuring this would be for national independent fiscal institutions (IFIs) to provide analytical support to parliament as the Congressional Budget Office does in the US.

### REDUCING THE WEIGHT OF DEBT SUSTAINABILITY ANALYSES

The current proposal suggests that the Commission will set a technical trajectory for all countries with a debt-to-GDP rate above 60 per cent (or a deficit exceeding 3 per cent of GDP). The technical trajectory is based on a DSA projecting debt 14 to 17 years into the future. Debt projections over a five-year time horizon are already fraught with very high uncertainty. Long-term debt projections become highly dependent on assumptions about the long-term state of the economy (which no one knows, especially in times of rapid transformation). For example, if we expand the horizon of the Commission forecast for Italy to 17 years, as proposed in the reform package, the range of plausible

outcomes for the debt-to-GDP ratio falls within a range between 90 per cent and 190 per cent. This means that minor changes in assumptions will completely change the projections.

► *If the Commission declares a country's debt sustainable, investors are likely to buy its bonds, thus making debt sustainability a reality. If the Commission decides otherwise, this may set off a doom loop.*

This is particularly worrisome as DSA projections may influence what is actually happening: **if the Commission declares a country's debt sustainable, investors are likely to buy its bonds, thus making debt sustainability a reality. If the Commission decides otherwise, this may set off a doom loop.** Given their importance and the fact that there is no

single correct set of assumptions, they should be agreed upon in a political process, ideally by the Council and the national parliaments (like the budget). A more fundamental solution would be to reduce the role of the DSA. Instead of defining the expenditure path for every country, a DSA could be used to calibrate a common benchmark for responsible fiscal policy. The primary balance could be this common benchmark.

### INCORPORATING REFORM EFFORTS IN POTENTIAL OUTPUT PROJECTIONS

The use of DSAs does not eliminate the need for unobservable variables. On the contrary, DSAs use real GDP growth projections based on potential growth, and net expenditure rules are specified in terms of net expenditure growth in relation to potential growth. The problem with current potential output calculations is that they rely heavily on past trends, notably about labour market performance. They do not consider reforms. If a government conducts a policy which contributes to the expansion of the labour market, its potential and hence fiscal space should expand accordingly. Growth-enhancing reforms should be included in the output assumptions. In particular, the assumption of a required minimum level of unemployment could be replaced with an empirically founded measure for full employment. Linking fiscal space to forward-looking reform potential would also incentivise investment and undertaking reforms.

### MAKING THE FISCAL FRAMEWORK COHERENT WITH THE GREEN TRANSFORMATION

Currently, the baseline projection in the reform proposal does not incorporate emission reduction targets. Projections are largely based on the assumption of future economic developments as a continuation





of the past. They incorporate NextGenEU but do not account for the rapidly tightening CO<sub>2</sub>-emissions constraint. In the absence of green investments, that constraint will clearly have a negative impact on the level of economic activity. **One option here would be to ensure that public debt projections reflect national and European climate legislation. It should be spelt out clearly that investments and reforms are growth and fiscal sustainability enhancing, given the current climate legislation.**

► *One idea could be to replace the obligation for countries with excess deficits to adjust their expenditure path by at least 0.5 per cent, with the obligation to meet three quantitative or qualitative targets agreed upon by the Council.*

#### PREVENTING CONTRACTIONARY AUSTERITY

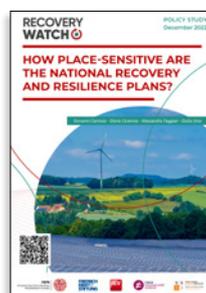
Reducing debt-to-GDP ratios is very challenging. Fiscal consolidations on average do not reduce debt-to-GDP ratios, partly because their negative impact on growth outweighs savings. Thus, for the new economic governance framework to align with the goal of reducing debt ratios, it should neither determine specific values for fiscal consolidation irrespective of the state of the economy, nor necessitate overly ambitious consolidations which end up having a counterproductive effect on the debt-to-GDP ratio.

Thinking out of the box, **one idea could be to replace the obligation for countries with excess deficits to adjust their expenditure path by at least 0.5 per cent, with the obligation to meet three quantitative or qualitative targets agreed upon by the Council.** Meeting these targets would be a precondition for the Commission and the Council to confirm that effective action for correcting the excessive deficit has been undertaken. No obligation to reduce the debt-to-GDP ratio by a fixed amount independent of the state of the economy should be introduced.

*Philippa Sigl-Glückner,  
founder of the think tank  
Dezernat Zukunft, focusing  
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economic policy*



# RECOVERY WATCH



The Recovery Watch is a research project by a structured network of experts to **monitor the implementation of the National Recovery and Resilience Plans** and assess their impact on key social outcomes.

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# EU economic governance needs a champion and a package solution

by David Rinaldi and Anna Kolesnichenko

The European Commission has proposed measures to reform the EU fiscal rules. But in their current form, these measures risk producing a watered-down non-solution. Their one-sided fixation with fiscal sustainability, without considering other policy areas that depend on fiscal capacity, may undermine the European economy and the green transition. The EU must approach its economic governance reform as a coherent package, in tune with its other goals, and moving towards a fiscal union. Yet no political leader wants to champion the restyling of the EU economic architecture.

The current discussion on the reform of EU fiscal rules shows substantial differences among member states. The frugals' insistence on benchmarks and safeguards in the Stability and Growth Pact (SGP) runs counter to the needs of others who do not have much fiscal space for investment. As serious negotiations kicked off after the summer break, finance ministers from Germany, Austria, Luxembourg, Switzerland and Liechtenstein made a call for a 'return to fiscal normality' after the more expansive fiscal policies that were enacted to combat the effects of the pandemic and the energy crisis. The recent decision of the German Constitutional Court prohibiting the use of €60 billion of pandemic emergency funds for industrial policy is going to harden Germany's position further.

As Marco Buti and Sergio Fabbrini state, **a good option for the EU to ensure an economic, political and institutional equilibrium on the fiscal framework would be to have a set of binding fiscal rules for national budgets, attached to a European central fiscal capacity.** Tight rules without a fiscal capacity are not an economic equilibrium, whilst a fiscal capacity without rules is a political non-starter.

This current reform of EU economic governance is at best a reform of EU fiscal rules for the control of national fiscal budgets. Currently, there is no real debate or proposal on the table concerning the future of joint borrowing and the EU's investment capacity. Why is the EU discussing fiscal rules separately from fiscal capacity? Should the two negotiations not progress together for a more balanced economic governance? The Commission has opted for a two-step approach, according to which there should first be a deal on public debt targets and sustainability, and only then a political discussion that can (perhaps) move to common European spending. It is unclear, however, whether this second step will ever materialise. In the meantime, the aspiration to launch a European Sovereignty Fund to finance industrial renewal and the twin transitions from 2026 onwards has been neglected, and the proposal abandoned.

Maybe a more relevant question for progressives would be why there should be agreement on the first step – the fiscal rules – if there is no engagement towards building a common European investment capacity.

**Would it not be possible to leverage the need of the frugals to control and cap national budgets, and at the same time to strike a deal for the continuation of the joint borrowing exercise financing the Green Deal Industrial Plan for Europe?** In reality, one of the first big decisions of EU leaders to finance the Green Deal Industrial Plan was not that of building a new European resource but that of dismantling the European state aid framework, so that the better-off member states, with strategic and financial capacity, could speedily invest in their industries.

► *A good option for the EU to ensure an economic, political and institutional equilibrium on the fiscal framework would be to have a set of binding fiscal rules for national budgets, attached to a European central fiscal capacity.*

One of the problems we anticipate is that the agreement about to be reached on new EU fiscal rules might inhibit the ability of certain EU member states to achieve their green investment targets. The upcoming agreement might also inhibit the ability of certain EU member states to modernise their infrastructure, and to ensure that potential growth and competitiveness remain high in the coming decades. As often happens, countries that need more investment risk being more constrained by the fiscal rules.

The European Commission's analysis in the European Semester package suggests that 14 member states will not fulfil the deficit criterion in 2023. Furthermore, estimates from the New Economic Foundation show that only four countries (Ireland, Sweden, Latvia and Denmark) will be able to meet the EU's 3 per cent spending target on green investments while staying below the 3 per cent deficit threshold.

**It seems that while arguing about thresholds and safeguards, EU policymakers are losing sight of the purpose: to keep public debt and deficit within certain limits.** The IMF's website says that "fiscal policy is the use of government spending and taxation to influence the economy. Governments typically use fiscal policy to promote strong and sustainable growth and reduce poverty". With this definition in mind,

policymakers should not be asking 'How much money can we afford to spend?', but 'What does the economy need and how can we shape our fiscal policy to achieve it?'

In addition, EU leaders should reflect on the purpose of EU economic governance. Why have a European fiscal framework? Is it to ensure debt sustainability in the short and medium term or to build a solid European economy? It is not difficult to see that the macrofinancial and political stability of EU member states depends not only on their deficit, but also on their ability to put public investment to work for the sustainable development of their economy.

**The way forward is to focus on the goals that Europe wants to achieve in different policy areas – energy, defence, health – and then to design the fiscal policy and rules accordingly. This means that fiscal plans and rules should be coordinated with the demands of other policy areas,** in a coherent package. In addition, they should be plans and rules that do not destroy the (quasi-) level playing field that competition policy has created, and that are consistent with the convergence, territorial and social cohesion (the key transversal objectives of EU action).

A compartmentalised approach with separate negotiations for own resources, fiscal rules,

green industrial policy, state aid and investment capacity may lead to a lack of coherence in the economic architecture of the Union. When countries try to agree on each policy separately, the inevitable outcome is the lowest possible denominator on which everyone can agree. This watering-down of policy proposals is a drag on the EU capacity to deal with urgent challenges. Each specific policy affects member states differently, with some of them gaining more, others gaining less, and some even losing. The traditional smart approach in politics, and especially in the EU, is a package approach, where diverse policies are agreed upon together. Shahin Vallée and Guntram B. Wolff, for example, refer to the need for a 'grand bargain'.

It is not clear why a package approach is not used to discuss EU economic governance at large. **While it is entirely clear why certain member states have no appetite for this, it is less clear why none of the others take the issue of EU economic governance seriously enough to design a political trajectory that allows a bargain bigger than that of negotiations on the technicalities of the debt sustainability analysis.** The EU is still looking for a champion of EU economic governance or at least for a coalition, like the one that was attained, almost overnight, for the NextGenerationEU package, and for which everyone now takes credit.



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# Turkey's challenges and choices on its 100th anniversary

by Kader Sevinç

On 29 October, the Republic of Turkey celebrated its centenary. Initiated and founded by the visionary Mustafa Kemal Atatürk and the leaders of the national liberation and reform movement, Turkey has unfortunately reached a crossroads now. Atatürk had envisioned it as a sovereign, independent and democratic country that would be secular, republican and belonging to the Western world, but today's Turkey faces serious challenges regarding the erosion of its democracy as well as severe economic difficulties. Last May's general election results exacerbated these challenges and it is now safe to say that progressive Turks are in grave despair about the future. Nonetheless, the upcoming local elections in early 2024 and important changes in the main opposition party, the CHP, have created a wave of hope.

Parliamentary and presidential elections took place in Turkey on 14 May 2023, followed by a second round of presidential elections on 28 May. Prior to these elections, a sense of hope had prevailed, both domestically and internationally, as opinion polls had pointed to a possible change of government. Six opposition parties had united in a coalition to support a common presidential candidate, the former president of the Republican People's Party (CHP) Kemal Kılıçdaroğlu. Their aim was to bring about a transformative change in the political landscape, but their expectations were dashed.

It is important to note, however, that **the margin between the two political alliances had been very narrow throughout the whole election process and the very close race was conducted under extremely unfair conditions**

on all fronts. Despite the exorbitant inflation rate of 85 per cent and the government's mismanagement of the crisis caused by the devastating earthquake in February 2023, President Recep Tayyip Erdoğan and the ruling Justice and Development Party (AKP), together with their political allies, managed to maintain a majority in the parliament.

► *Both rounds of the election campaign were characterised by Erdoğan's use of polarising and divisive language, and by his emphasis on issues related to national security. He also resorted to fake news.*

Both rounds of the election campaign were characterised by Erdoğan's use of polarising and divisive language, and by his emphasis on issues related to national security. He also resorted to fake news and appeals to traditional family values, while accusing opposition politicians of supporting terrorist groups and of being influenced by Western powers. The spread of fake news and propaganda linking the opposition to terrorist groups through manipulated videos was also an important element of the campaign. **Indeed, information was largely dominated by pro-government media groups and social media trolls, while independent and semi-independent media outlets faced punitive actions for expressing alternative ideas** or giving a platform to the opposition's views. The opposition was thus denied an equal and fair place in both private and state-funded media, but despite this



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polarised political environment, the opposition bloc secured 47.8 per cent of the votes in the presidential elections.

After the elections, the CHP turned inwards, organised its local congresses and set the stage for a pivotal leadership transition in November. In this internal shift, delegates elected a new leader, Özgür Özel, a 49-year-old pharmacist and parliamentary group leader. This change was backed by influential politicians of the new generation, like Ekrem İmamoğlu, the mayor of Istanbul, and Ali Mahir Başarır, the deputy parliamentary group leader. The new leadership pledged to revitalise the party, strengthen grassroots involvement, enhance local party structures and create innovative digital engagement platforms for participatory democracy. These long-awaited reforms have sent a wave of hope across the party and its supporters.

### | TURKEY'S ECONOMIC ADVERSITIES

Turkey's ongoing economic difficulties have persistently marginalised and strained the lower and middle socioeconomic groups. **Furthermore, today's exorbitant inflation rate coupled with the devaluation of the lira has led to an unprecedented rise in the cost of living. For most citizens, meeting basic needs has become a major problem.** Even with the recent increase in the minimum monthly wage to over 13,000 lira, conditions for a household of four people are extremely challenging, with the poverty line indicator now projected at around 39,700. In the face of these difficulties, the government's politicised economic policy continues to fail, the perception of corruption is at its highest level ever, and frustration and dissatisfaction are mounting continuously in society.

▶ *Polarisation has now deepened to such an extent that the government cancelled Turkey's 100th anniversary celebrations at home and abroad on absurd grounds and with absurd excuses.*

Moreover, **irregular migration, now estimated in the millions, is also causing frustration and discontent in society.** According to data provided by the United Nations High Commissioner for Refugees, the number of Syrians residing in Turkey under temporary protection is 3.6 million. The total population of foreigners residing in Turkey as of July 2023 is estimated at just over 4.8 million, which represents approximately 5.74 per cent of the country's

total population. This situation, which was exacerbated by the 2016 EU-Turkey Deal, is straining the country's social fabric. Irregular migration has mobilised all political movements to acknowledge and address this issue, and election campaigns have led to a noticeable rise in nationalist sentiment. The relatively rapid emergence of this migration phenomenon has led to a shift in the political focus from structural economic and political questions to the issues of identity and nationality.

In this volatile political context, there is a **notable increase in the brain drain, especially among the younger and more educated segments of the population, who typically form a strong base for the opposition.**

A significant proportion of the population (61.3 per cent of those aged 18-25) express a desire to pursue their life and career abroad. This level of brain drain could evidently have detrimental effects on the country's future and path of development.

### IDEOLOGICAL POLARISATION AND DEMOCRATIC BACKSLIDING

**The current ideological conflict and polarisation may well be serving the government's agenda.** The opposition alliance pursued a successful strategy in 2019, winning local governments in Istanbul, Ankara and many other metropolitan cities, and giving a great boost to the morale and motivation of the opposition bloc and particularly the progressives. Today the ruling party's bloc is consequently attacking the opposition more aggressively to win back these municipalities.

Polarisation has now deepened to such an extent that the government cancelled Turkey's 100th anniversary celebrations at home and abroad on absurd grounds and with absurd excuses. This is widely seen as revenge against the values of a republic, with which the ruling

party has never felt at peace. Although republican and progressive organisations have held their own celebrations, the absence of official celebrations was felt with disappointment by millions of people, who are angry at being deprived of the opportunity to celebrate freely.

The upcoming local elections will be a crucial moment for assessing Turkish public opinion and expectations. The elections will also be a test for the entire opposition, which has to resolve its internal issues, construct a winning story and reunify a broad-based opposition bloc.

► *Turkey is perhaps facing one of the most critical moments in its history, with the country experiencing a severe economic, democratic and demographic crisis.*

After assuming the leadership of the CHP, Özgür Özel faced a severe democratic and judicial crisis. The crisis was centred around the opposition MP Can Atalay, who had been imprisoned for 18 years, along with many other political prisoners, after being convicted of inciting the 2013 pro-democracy Gezi protests. The Supreme Court went beyond the limits of its jurisdiction and filed a criminal complaint against the judges of the Constitutional Court, claiming that the judges' previous decision to release Atalay was unconstitutional. On Özel's first day in office, such events prompted him to condemn the Supreme Court's action as a 'coup attempt' and call on citizens to mobilise against this violation of the judiciary. On the same day, the European Commission's report on Turkey assessed its long-blocked EU accession process and heavily criticised the country's significant decline in the rule of law, democratic standards, human rights and judicial independence. It is important to note the adverse impact

of the European Union's blockage of a number of negotiation chapters, including those on the judiciary and democratisation. According to the 2023 report from the International Institute for Democracy and Electoral Assistance, Turkey is ranked 148th out of 173 countries in the Rule of Law category.

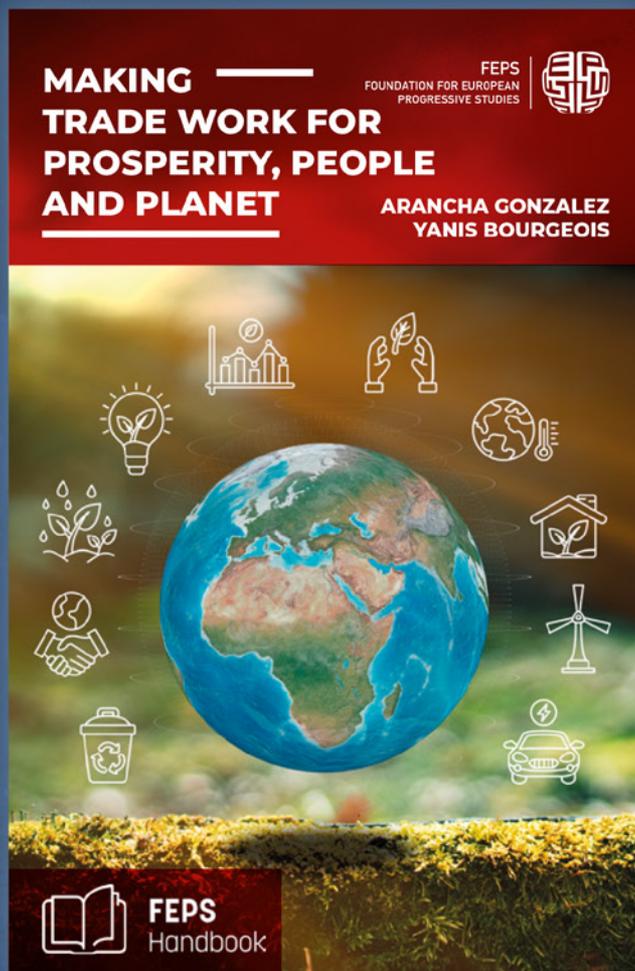
**Turkey is perhaps facing one of the most critical moments in its history, with the country experiencing a severe economic, democratic and demographic crisis.** Regrettably, it is under these circumstances that the centenary of the Republic took place. Yet, despite this pessimistic picture, I am hopeful about the future because I believe in the younger generations and I know that the country they envision is progressive, prosperous and successful. Turkey's progressives and democrats need to find inspiration in the determination and legacy of Atatürk. A social movement that adapts this legacy to the context and opportunities of the 21st century will be able to build a future for Turkey that is much brighter and stronger. Atatürk once said: "There are no hopeless situations. There are hopeless people. I have never lost hope". The strength of his words still brings light and hope to millions of people.

*The views and opinions expressed in this article are solely those of the author and do not reflect the official policy or position of any institution or organisation with which the author is affiliated.*



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*Ann Linde, Former Minister for Foreign Affairs of Sweden*

**This publication is part of the new educational FEPS Primers Series.**



# Centennial celebrations in Turkey amidst polarisation

by Özgür Ünluhisarcıklı

The Republic of Turkey marked its centenary on 29 October 2023, but a palpable air of celebration was conspicuously absent. Although flags and posters dotted the landscape, and although a handful of corporations unveiled previously commissioned commemorative videos, and a select few musicians debuted compositions in honour of the occasion, the prevailing sentiment remained curiously muted. What was the reason for this lacklustre enthusiasm?

The choice of slogans by both the secular opposition and the conservative government offers valuable insights into the underlying dynamics. While the opposition's exuberance was encapsulated in the slogan "The second century of the Turkish Republic", implying a sense of continuity from the inception of the Republic, the government by contrast favoured the slogan "The Turkish century" – thus not celebrating the founding of the Republic under Kemal Atatürk but instead heralding the advent of the country's second century under the leadership of Recept Tayyip Erdoğan.

None of this is surprising, given the level of affective political polarisation in Turkey, as highlighted by the *Dimensions of Polarisation in Turkey Survey* that was conducted by the German Marshall Fund of the United States and İstanbul Bilgi University Migration Research Center in 2020. Indeed, **67 per cent of the respondents to the survey suggested that they would not like their children to be friends with the children of someone who supports the party from which they feel most distant.**

Meanwhile, 85 per cent of the participants suggested that the supporters of their party were honourable, while only 4.1 per cent said the same thing for the supporters of the political party from which they feel distant. A further 40 per cent of the respondents said that the political party from which they feel most distant should not be allowed to rally in the province where they live. All these examples highlight the social distance between different political groups in Turkey, their negative perceptions of each other and their intolerance towards one another.

The roots of polarisation in Turkey arguably go back to the foundation of the Republic in 1923 – which resulted in top-down westernisation – or even to the first westernisation efforts in the Ottoman Empire in the late 18th century. In its heyday, the Ottoman Empire, the predecessor of Turkey, reigned supreme not only in what we know today as the Middle East but also in Europe. However, as the 18th century neared its close, the Ottomans came to a sobering realisation: they had been outpaced by the ascendant European powers. Within

the corridors of Ottoman power, a dichotomy emerged. On one side, a faction of the Ottoman elite argued fervently for the adoption of European customs and practices, while on the other side, there were staunch proponents of a return to the Empire's cultural roots. It was this dialectic between the 'reformists' and the 'restorationists' that would sow the initial seeds of polarisation within Turkey.

**The birth of the Republic in 1923 marked a pivotal juncture in the burgeoning polarisation of Turkey.** In the aftermath of the first world war, the Ottoman Empire found itself on the defeated side, ceding vast swathes of its territory and sovereignty to foreign powers. Under the resolute leadership of Kemal Atatürk, a triumphant liberation movement was set in motion, and it did not stop there. In November 1922, the monarchy was dismantled; in October 1923, the Republic was ushered in; 1924 witnessed the abolition of the Caliphate; 1930 brought the acceptance of universal suffrage; and 1937 enshrined secularism as a constitutional cornerstone.



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These far-reaching reforms which paved the way to others catalysed the transformation of Turkey into a secular nation-state. However, this top-down and unyielding reform process was not embraced with enthusiasm by all strata of Turkish society. Certain social cohorts, such as the Kurds, expressed discontent with the nation-building process, while different segments of the populace objected to the secularisation of society. This ignited a culture war that continues to this day.

► *Wherever it takes root, polarisation chips away at the foundation of pluralistic democracy, ultimately clearing a path for the rise of populist politics.*

Polarisation is of course not unique to Turkey because across the globe, in places as diverse as the United States, Brazil, Hungary, India, Japan, Poland and Russia, polarisation

looms large as a significant political force. Wherever it takes root, however, polarisation chips away at the foundation of pluralistic democracy, ultimately clearing a path for the rise of populist politics. And these developments have been taking place in Turkey in an accelerated fashion.

Today in Turkey, polarisation takes various forms. To begin with, **Turkish citizens often find themselves in echo chambers, in which their existing beliefs are reinforced, while dissenting voices are systematically excluded.** These echo chambers not only stem from polarisation but also serve to intensify the divide, as the lack of communication between polarised groups only deepens their mutual prejudices. This, in turn, paves the way for politicians to launch smear campaigns against their adversaries with greater ease. Furthermore, the impact of polarisation extends to more extreme scenarios, such as the segregation of urban areas along political and cultural lines, further limiting opportunities for interaction between these polarised groups.

► *The impact of polarisation extends to more extreme scenarios, such as the segregation of urban areas along political and cultural lines, further limiting opportunities for interaction between these polarised groups.*

Although it is undeniably challenging to address polarisation, this need not be Turkey's inexorable destiny. **The nation is now experiencing a growing recognition of the polarisation issue, with various civil society organisations actively engaged in resolving it.** Indeed, these organisations possess the capacity to make headway in mitigating polarisation through raising awareness, and through providing training on polarising attitudes and how to avoid them. These civil society organisations can also make headway through establishing platforms to foster interaction and opportunities for collaboration among polarised factions across Turkey, and through creating an ecosystem in which politicians would feel compelled to limit their polarising tactics.

The Turkish Republic's birth from the ashes of a fallen empire amid exceptionally unfavourable conditions is a remarkable accomplishment worth commemorating. Nevertheless, **Turkey's journey toward fulfilling its true potential remains unfinished** and continues into its second century, with the mitigation of polarisation being a critical factor in this ongoing endeavour.



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# The European Union is soul-searching when it comes to its policy on Turkey

By Ilke Toygür

The Republic of Turkey celebrated its centenary last October, but the current leadership's approach to Western institutions differs substantially from that of its founding fathers. Turkey's relations with the European Union have been deteriorating steadily over the years, which Europeans attribute to Turkey's democratic decline and to a Turkish foreign policy at odds with the EU and its member states. And the future does not necessarily signal any change.

EU leaders had been waiting for the results of Turkey's crucial presidential and parliamentary elections that took place in May 2023. Their hope was that a democratic revival in the country could reframe mutual EU-Turkey relations. The result, however, was a continuation of the power of the incumbent, who has been governing the country for more than two decades. It is against this backdrop that the European Union is seeking new ways to stabilise its relationship with Turkey. EU High Representative Josep Borrell and the European Commission are soon to publish a new roadmap, which is expected to explore innovative ways of improving the relationship. However, the options are rather limited.

## A WIDER EUROPE UNDER CONSTRUCTION – WITHOUT TURKEY

Turkey's relations with the EU cannot be decoupled from the global changes that

have taken place since the start of the war in Ukraine. Indeed, 24 February 2022 changed the European continent for good. Russia's invasion of Ukraine on that day and the positioning of countries towards the invasion altered dynamics wider Europe. Discussions on the future of EU enlargement policy and neighbourhood policy are now back on the political agenda of the European Union following Ukraine's application for EU membership immediately after the start of the war.

The European Council has indeed now decided to grant Ukraine and Moldova EU candidacy status, and it is expected to open accession negotiations with these two countries in December. After many years of waiting, North Macedonia and Albania finally started their accession negotiations in July 2022, and a few months later, in December 2022, Bosnia-Herzegovina was given the green light for its candidacy, while Kosovo submitted its official application for EU membership. Kosovo was then granted visa-free travel in March 2023.

All these developments, stemming from Russia's invasion of Ukraine, indicate a historic moment of change on the European continent.

► *Countries in the Western Balkans and Eastern Neighbourhood are today advancing on their paths to European accession, while Turkey remains in a state of uncertainty.*

The discussion about EU enlargement and reform will be among the most dominant debates in the months to come, occupying a permanent place in the intellectual spaces of Brussels' and member states' capitals. One country, however, is totally outside the discussion, despite being an EU candidate

country since 1999 and despite starting accession negotiations in 2005. Turkey indeed finds itself on the outer edge of European integration in the 21st century.

### TURKEY COMPLETELY OUTSIDE THE CURRENT ENLARGEMENT DYNAMIC

**Countries in the Western Balkans and Eastern Neighbourhood are today advancing on their paths to European accession, while Turkey remains in a state of uncertainty.** Turkey's accession negotiations were officially frozen in 2018, its democracy is backsliding continuously and its foreign policy choices – including its stance on Russia's invasion of Ukraine – are questioned. Turkey's relations with the EU are at an all-time low. Since obstructing the accession of Sweden (and Finland) to NATO, and since calling Hamas (an EU-designated terrorist organisation) 'freedom fighters', the differences between Turkey and the EU in their approaches to foreign and security policy challenges have become even more visible.

Many in the EU nevertheless defended Turkey's participation in the European Political Community (EPC) as a platform from which to work on these differences. Although Turkish President Recep Tayyip Erdoğan attended the EPC's constitutional meeting in Prague, he then cancelled his attendance at the subsequent two EPC meetings in Chişinău and Granada. Turkey's contribution to rethinking the wider Europe in the 21st century is therefore still a question mark.

### IN SEARCH OF A NEW EQUILIBRIUM

**The stalemate in EU-Turkey relations clearly requires a rethink. As an important ally within the NATO alliance, Turkey is still geopolitically significant when it comes to key challenges – from that of managing irregular migration to that of the security of supply chains.** The options for reviving relations are, however, rather limited. There is no consensus in the European Council on fully terminating Turkey's accession negotiations. Nor is there any consensus on improving the relations

significantly. Most of the ideas revolve around modernising the customs union, working on visa facilitation, and looking for ways to stabilise cooperation in areas of mutual interest.

**EU-Turkey relations have been in a downward spiral over the last decade. Many in Europe think that Turkey's main orientation is no longer towards the West, and that the country is deeply invested in its unilateral foreign policy, supported by its ever-growing defence industry.** Turkish political elites have been proving them right on every occasion, from a balancing act in the Russia-Ukraine war – the most important war in Europe since the second world war – to the non-ratification of Sweden's NATO accession.

Turkey's economy is in dire shape. This obliges the country's government to look for better relations with the EU, which is historically Turkey's biggest source of foreign direct investment and its most important trade partner. At the same time, however, the country is seeking alternative ways of financing its needs.

When it comes to the new path revolving around Turkey's economy and trade due to the country's membership of the customs union, or when it comes to foreign and security policy cooperation around the common challenges facing the European continent, there is clearly a need for a new dose of political resolve. As we now enter the Republic of Turkey's second centennial, this resolve to improve relations is nevertheless far from secured.



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# Turkey in its region: security first and 'Make Turkey Great Again'

By Aydin Selcen

The mass attack by Hamas from the Gaza Strip to Israel, and Israel's collective revenge-oriented response to it, offers an appropriate and timely case study to revisit Turkey's role in 'the region' by exposing its real constraints. It shows a certain mindset that when one speaks of 'the region', one does not think of the Caucasus, or of the Black Sea or of the Balkans, but inevitably of the Middle East.

Although 'the region' may well be the Middle East, 'Turkey's region' is not just that. Both historically and geographically, Turkey is partially in the Middle East, but it is not a Middle Eastern country. What is more, **if or when the West is asleep at the wheel or turns its back to the so-called 'region', that proverbial 'region' invites itself to the party, as witnessed in Israel and Gaza.** In these situations, Turkey's geopolitical value suddenly becomes handy again. Of the more than 20 inheritors of the defunct Ottoman Empire, the Republic of Turkey is perhaps the main one, but it is still only one of them. Carving out a secular republic and a nation to go with it was a formidable achievement. At the same time, it also meant – at least on paper and in the psyches of its citizens – that Turkey was no longer a global power on a par with the likes of Germany,

► *The young republic charted a rationalist foreign and national security course, and aimed at anchoring its place in the West, brick upon brick.*

Britain, France and others, but was relegated to the same league as its regional neighbours like Greece, Bulgaria and Serbia.

The young republic's founding fathers were all tried by steel, blood and fire. Looking back at their immediate past, they primarily took stock of the 1912-1913 Balkan War debacle, and by 1923 they were contemplating their horizons and future almost always with gloom. That sense of constant insecurity by default guided them to put security first at the frontiers and, if need be, to err on the side of caution. The current Islamo-nationalist power has added a rhetorical 'Make Turkey Great Again' (MTGA) dimension to that.

**The founders had moulded a nation almost at gunpoint and they urgently needed breathing space to implement their top-down energetic modernisation project.**

The Armenians, Greeks and Arabs were by then outside the perimeters, while inside the perimeters, the Kurds would have to adapt to republican citizenship. Furthermore, through various times of turbulence, the Kurds would

acquire not only a domestic separatist attribute but an outside-in 'national security threat attribute' as well. The young republic charted a rationalist foreign and national security course, and aimed at anchoring its place in the West, brick upon brick. It thus signed the Lausanne Treaty in 1923, and the Montreux Convention in 1936, became a founding member of the Council of Europe in 1949 and joined NATO in 1952. It also signed a partnership agreement with the European Economic Community (EEC) in 1963 and was officially accepted as a candidate to the European Union in 2004.

Alongside these Western-oriented events, a frontier agreement was concluded with Iran in 1932 to allow a land bridge with Nakhcivan, and Hatay adhered to Turkey in 1939. The Greek prime minister Eleftherios Venizelos visited Ankara in 1930, only eight years after the 1922 Turkish-Greek War. The Balkan Pact was signed with Greece, Yugoslavia and Romania in 1934. The so-called Sadabad Pact was signed in Teheran with Iraq, Iran and Afghanistan in 1937. Many different events and challenges have elapsed since then, with Turkey always

acting as a 'bridge over troubled water'. First and foremost, the cold war came and went in Europe. Yet Turkey's 'siege' mentality or 'being-on-a-war-footing' emergency mentality lingered in the minds of the country's decision-makers. In 1960, 1971 and 1980, three military coups took place, but the military also intervened in politics on many other occasions, the last of which was during a botched coup attempt that was likened to a convulsion but quickly suppressed in 2016.

► *A combustible mix of Islamism and nationalism has been in power for over 20 years.*

Today, with the 100th anniversary of the Republic recently commemorated on 29 October, a combustible mix of Islamism and nationalism has been in power for over 20 years. While the current administration has steered well clear of the founding rationalist DNA of the conception of the foreign and national security policies summarised above, the mainstream opposition appears equally as provincialist and sovereignist in its outlook, if not more so. **The predominant conviction is that Turkey is surrounded not by neighbouring enemies, but that it is encircled by world powers and that 'strategic autonomy' is a must.**

And there is an element of truth to this understanding as well. Russia's invasion of Ukraine, ISIS' eruption in Syria and Iraq, Azerbaijan's re-conquest of Karabakh, Iran's ambition to become a nuclear power, and now Gaza are all some of the challenges just of the present century. Add 4 million or more Syrian asylum seekers in Turkey and a never-ending war on



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PKK terror providing the 'perfect' excuse for Turkey's years-long military presence in Syria and Iraq without an exit strategy, and the picture gets clearer.

► *Relations with Greece, the Eastern Mediterranean, the delicate balancing act between Russia and Ukraine, a possible opening to Armenia and, to a lesser extent, even Cyprus are testimonies to that recent twist in the plot.*

Just as the modernists urgently needed breathing space at the inception of the Republic of Turkey a hundred years ago, the Islamo-nationalists today need breathing space equally urgently in order to wiggle away from the current economic dire straits. Although rhetoric and action may not always match up, a cooler-headed approach is

reflected by negotiation-seeking as opposed to muscle-flexing. Relations with Greece, the Eastern Mediterranean, the delicate balancing act between Russia and Ukraine, a possible opening to Armenia and, to a lesser extent, even Cyprus are testimonies to that recent twist in the plot. Yet Turkey's perception still remains that PKK terror emanating from rear bases in Iraq and Syria constitutes an existential threat. **If 'the region' is the Middle East, Turkey's role in it will therefore remain martial in the foreseeable future. The current administration will also continue to cultivate 'Islamist-to-Islamist' ties to supposedly 'Make Turkey Great Again' – if not on the ground, at least on the domestic airwaves.**

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# Sex and the city

## A progressive perspective

by Kata Tüttö

In the intricate maze of urban planning, progressive policymakers are not only bringing the topic of gender to the forefront, but also understand the different mobility needs, redesigning public spaces and bolstering women's representation on streets. From enhancing safety perceptions to combating violence against women and building new care facilities to take some of the care load off women's shoulders – cities are witnessing a transformative shift. Here is how Social Democratic leaders are redefining cities with an inclusive lens.

As urban centres continue to sprawl and adapt to the ever-changing dynamics of the 21st century, a critical focal point emerges: gender equality. Progressive European mayors understand the pressing need to integrate gender-specific considerations into urban policymaking and have clear ideas on how to carve a path towards inclusive urban spaces.

► *The daily narratives of men and women in cities are strikingly different. Conventional infrastructure often lacks the foresight to acknowledge that women navigate city spaces differently from men because they have varied purposes and schedules, primarily due to their roles as caregivers and professionals.*

**The daily narratives of men and women in cities are strikingly different. Conventional infrastructure often lacks the foresight to acknowledge that women navigate city spaces differently from men because they have varied purposes and schedules, primarily due to their roles as caregivers and professionals.** Public transport and well-illuminated streets are not mere facilities, they are lifelines that foster mobility and safety, especially for women, who are the predominant users of public transport services.

### A COMMITMENT TO SAFE SPACES: #SAFEPLACE4WOMEN

In a concerted effort to curb violence against women and promote safer urban environments, the European Committee of the Regions (CoR) has initiated the #SafePlace4Women campaign. This campaign heralds a commitment from progressive local and regional leaders to translate the zero-tolerance principle towards

violence against women into concrete action. From awareness-raising communication efforts to educational programmes in schools and universities, the campaign encapsulates a range of commitments. These include banning sexist advertising, inaugurating shelters for victims of violence, and rethinking the overall design of our cities to create safe, inclusive spaces. As an example, the city of Zagreb plans to develop free retraining and education programmes for female victims of violence. It also plans to strengthen the housing programme for women, develop a special tender for civil society organisations dealing with protection from violence, and develop a new social service providing organised housing for those leaving shelters.

### ENERGY CRISIS: WHO IS CARRYING THE BURDEN?

**Budapest has taken a notable stand amid the energy crisis in which cities contemplate slashing their budgets on street**

**lighting and public transport. Recognising the diverging safety perceptions between men and women, Budapest views dimming streetlights as a safety issue rather than an energy one. The local government understands that limiting streetlights could potentially confine women to their homes, an unacceptable situation. Furthermore, in the realm of workspaces, biological differences are considered when addressing the heating and cooling in public buildings. Budapest acknowledges that men and women perceive temperature differently due to varied circulatory responses. Particularly in offices where women constitute a significant portion of the workforce, maintaining a comfortable temperature is a priority, ensuring that the measure does not disproportionately affect women.**

As during the Covid-19 pandemic, the energy crisis has caused many cities to consider extending winter breaks at care facilities, a decision that would inadvertently increase the burden on women, the primary caregivers in many households. Budapest has taken a stance against this consideration because its local administration realises that shutting down care facilities would place an undue burden on women, who have already shouldered a significant share of caregiving responsibilities during the pandemic.

## REPRESENTATION AND POLITICAL PARTICIPATION

The streets, parks and corners of a city tell stories of its history, values and aspirations. Ensuring equal representation of women in these narratives is key. Furthermore, the political participation of women also matters. Specifically in Hungary – the country I am from – where the proportion of female leaders is one of the lowest in the EU, encouraging women to take part in the decision-making about their lives is of the utmost importance.

## PIONEERS

There are other examples from progressive-led European cities. One of the champions of gender equality is Vienna, a city that has been proactive in incorporating gender perspectives into all aspects of city planning, transport, housing and redesigning public spaces. Stockholm has embraced gender-responsive budgeting, a commendable initiative that promises an equitable allocation of resources addressing the needs of various genders. In Barcelona, the concept of gender-neutral cities is gaining ground, with concerted efforts to ensure the safety and accessibility of public spaces for women and marginalised groups. These cities

embody the spirit of inclusivity, encouraging other urban centres to adopt progressive policies that transcend traditional gender roles.

## PAVING THE WAY FOR AN INCLUSIVE FUTURE

**The stirring narratives from cities like Vienna, Stockholm and Barcelona serve as shining examples in the quest for genuine gender equality. They epitomise the progressive change that is not only possible but already underway, transforming urban spaces into realms where diversity is not just respected but celebrated.** The efforts of the #SafePlace4Women campaign, alongside other initiatives, amplify the urgency and necessity of this shift, heralding a movement where inclusivity is embedded in the very fabric of urban life.

This is more than a call to action – it is an invitation to forge a new path, to build cities that not only empathise with the diverse spectrum of gender experiences but actively nurture and protect the rights, freedoms and opportunities of all. We must join hands in crafting a future where the city is a haven of equality, a place where progressiveness is not just a vision but a vibrant and living reality.



*Kata Tüttő,  
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# Capannori: reuse and recycling at the centre of environmental practices

by Luca Menesini

The real challenge of our Zero Waste philosophy and strategy is reducing undifferentiated waste upstream, and we have managed to do this in the Tuscan municipality of Capannori thanks to the active involvement of our citizens and to European co-financing.

In the early 2000s, the gold standard for all administrations that wanted to protect the environment was for waste to be well separated and to have differentiated waste collection. Today this gold standard is to produce as little undifferentiated waste upstream as possible, in line with the European guidelines. Translated into concrete action, this means more reuse and more recycling, and it becomes an achievable goal through the creation of true circular economy districts, which involve people and their everyday activities.

► *We manage to achieve excellent civic participation by holding frequent public meetings, at which we share the idea and the purpose of the innovation we want to put in place. We also listen to people's suggestions.*

In Capannori, we have therefore upgraded spring water sources and installed fountains for free public water, with incentives for using glass bottles. Significant organisations have sprung up, such as the Daccapo re-use centre, the Terra di Tutti social enterprise, and the Lillero association – all of which have placed 're-' at the heart of their activity and to which we, as a municipality, give our support.

**We manage to achieve excellent civic participation by holding frequent public meetings, at which we share the idea and the purpose of the innovation we want to put in place. We also listen to people's suggestions** at these public meetings because their suggestions are often tailored to specific needs and are therefore indispensable for improving a service or a sustainability project.

**Many residents of Capannori have a strong affinity with the territory, which explains their motivation in applying so many good practices to everyday life in order to**

**protect the environment and hand over a better cared-for planet to future generations. In addition to this affinity there are also policies that we have implemented to incentivise good practices.** In 2014, we introduced an adjusted pricing mechanism for the calculation of waste bills, making those who produce more undifferentiated waste pay more but rewarding virtuous citizens. The rewards are in the form of further discounts in their bill for those who do home composting or worm-composting (which is also suitable for flat dwellers), for those who take electrical and electronic appliances to recycling facilities, for those who take bulky waste to one of the local 'ecological islands', and for those who follow a lifestyle in line with the Zero Waste strategy and have joined the Zero Waste Families project.

In order to be able to go beyond our objective of 90 per cent separated waste collection, it is key for us to study the types of waste that are dominant in the bags of undifferentiated

- *Many residents of Capannori have a strong affinity with the territory, which explains their motivation in applying so many good practices to everyday life in order to protect the environment and hand over a better cared-for planet to the next generations. In addition to this affinity there are also policies that we have implemented to incentivise good practices.*



waste and to then to take targeted action for those specific types of waste. In Capannori, this task is carried out by the Zero Waste Research Centre based in the Segromigno in Monte science park, a hamlet of Capannori, and it is thanks to this centre's analysis and processing that we can implement new actions.

For example, it has emerged that used nappies are responsible for a high percentage (45 per cent!) of our undifferentiated waste. We have therefore decided to build a plant for the recycling of absorbent materials on our territory, which will allow us to come close to 100 per cent separated waste collection. To help cover the costs of constructing this plant, we participated in a call for tenders of the Italian National Recovery and Resilience Plan, and obtained European co-financing of €10 million. This is a very significant result, confirming that Capannori's environmental policy follows the European guidelines and finds European support (with significant economic contributions) to improve our waste disposal cycle.

My role in the Committee of the Regions in Brussels has enabled me to study in depth the challenge facing all levels of government on the issue of textiles. Again by examining undifferentiated waste, it became clear that textiles account for 15 per cent of this waste and that it is therefore important to have territorial entities to deal with the reuse of clothes. In Capannori, we felt it was significant for the environment to have a textile waste sorting centre to be able to identify the different fibres so that they can be taken to separate primary treatment lines that will initially provide for sanitisation and then for packaging. **Some of these textiles will go for recycling and some will be put back into the reuse circuit, thanks in large part to the manual work of sorting and separating.** We obtained European co-financing of €5.5 million for the construction of this textile waste sorting centre.

In Capannori, we can therefore say that we are today tackling the environmental and waste issue from many angles – in other words

from the angle of the good practice that citizens can carry out, and from the angle of the necessary infrastructure. It is precisely this mix and our ambition to always go beyond what has already been achieved that allowed Capannori to become, in July 2022, the first Italian city that received the European zero waste certificate.



Luca Menesini,  
Mayor of Capannori, Italy

# Pedalling towards progress: Almeirim's vision for community well-being

by Pedro Miguel Cesar Ribeiro

Progressive leaders believe in their capacity to instigate positive change in people's lives. They understand that taking the first steps and pioneering new paths is often met with initial resistance, but ultimately garners recognition and appreciation from the community.

Embracing sustainable mobility, with a particular focus on promoting bicycle use, stands as a progressive endeavour that must span multiple domains to reach its full potential. Portugal, driven by various social factors, where car ownership is still associated with status, is gradually transforming its mobility landscape. Local authorities have been pivotal drivers of this change. In Almeirim, about 60 kilometres north-east of Lisbon, our approach is holistic, encompassing infrastructure development, community bicycle-sharing initiatives, financial support for bicycle purchases, and educational programmes aimed at fostering a cycling culture. Furthermore, we actively explore alternative modes of transport, such as on-demand services and we champion equitable access by providing free public transport passes to students.

The 'Almeirim.on.bike' initiative, promoted by our municipal council, is dedicated to encouraging bicycle usage within our town. Over the years, we have incentivised cycling

by offering bicycles at reduced prices. However, **in 2022 and 2023, we adopted a different approach by providing incentives directly. Local businesses can now join us as partners, while citizens can choose where to purchase bicycles through a straightforward application process.** We support up to 200 bicycles annually, offering a 50 per cent subsidy (capped at €175 for 2023). This ensures accessibility and affordability. Our forward-looking initiative represents an investment of €35,000 in 2023, underscoring our unwavering commitment to environmentally sustainable mobility, which is vital for our collective future.

In addition to this, we have introduced a bike-sharing system called 'AlGira'. Designed to promote bicycle use, this public bike-sharing service not only reduces CO2 emissions, but also supports public health, both physically and mentally. **Regular cycling has proven benefits for health, including reducing the risk of coronary diseases, cholesterol issues, diabetes**

**and obesity.** Our AlGira project, which was initiated in 2005 and which has since been updated with the latest technologies, offers an affordable annual usage cost (€20) and provides the first hour of use free of charge, further promoting sustainable mobility.

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- *Regular cycling has proven benefits for health, including reducing the risk of coronary diseases, cholesterol issues, diabetes and obesity.*

Yet none of these efforts would be sustainable without ensuring that the younger generation is proficient in bicycle riding. Regrettably, this skill is diminishing within families, with many parents no longer teaching their children how to cycle. Our 'bicycles go to kindergarten' initiative, conducted in partnership with the Portuguese Cycling Federation, aims to rectify this situation. Launched in the 2019-2020 school year, it ensures that our children learn to ride bicycles using balance bikes. This promotes motor coordination and, significantly, sustainable mobility. Our scheme has been integrated into every public kindergarten in the Almeirim municipality. The bicycle lessons are provided

free of charge and they benefit approximately 450 children. Currently, the municipality provides 80 bicycles which are distributed among various schools.

In addition, last September we introduced an on-demand transport system to enhance our collective transport offerings, primarily in taxi services, in three locations within the town. These areas often lack access to traditional public transport and in many cases rely solely on this mode of taxi mobility. The initiative is coordinated by the Lezíria do Tejo Intermunicipal Community (CIMLT). As part of our collective commitment to promoting public transport, and also coordinated by CIMLT, we have partnered with the central government in a project offering a 50 per cent reduction in the cost of road transport passes and a 30 per cent reduction in the cost of rail passes. This encourages citizens to use public transport. Additionally, students in compulsory public education receive free transport passes through this programme (PART – Tariff

Reduction Incentive Programme). We also extend our public transport services to local parishes. The city benefits from Almeirim Urban Transport (TUA) which, despite having only one route, plays a vital role for various segments of the population, particularly the elderly.

In conclusion, while all these initiatives span various areas, they all share a single, unified goal: to improve people's lives and, in doing so, to better our societal well-being, while safeguarding our planet.



*Pedro Miguel Cesar Ribeiro,  
Mayor of Almeirim, Portugal*

# Leuven: sustainable and focused on citizens' participation

by Mohamed Ridouani

In 2020, Leuven was honoured with the title of Europe's 'Innovation Capital' by the European Commission. This recognition was awarded for Leuven's creative and organised ways of involving residents in making decisions for the city. One notable example of this is the city's ambitious efforts, known as 'Leuven 2030', to reduce greenhouse gas emissions and become climate-neutral by 2030.

As the Mayor of Leuven in Belgium, I am committed to steering our city towards a sustainable, inclusive, and forward-looking future. In the past few years, we have been working hard to change Leuven for the better. We have been joining forces with local partners and European collaborators to tackle important issues like climate change, poverty, mobility and public health. The Leuven approach is built on a collaboration between what we call the 'quadruple helix', which includes all layers of society: government, knowledge institutions, companies and citizens. It is a radical participation approach with a new governance model that connects leadership around important goals and ensures equal involvement from all sectors of society.

One of our most significant achievements has been implementing a comprehensive climate action plan. We have set ambitious targets to reduce greenhouse gas emissions, increase renewable energy sources, and promote energy-efficient practices throughout the city. **To make innovation inclusive, we created a horizontally structured organisation with a legal framework to make it happen. This organisation is called 'Leuven 2030'.** What

makes it special is that it is an innovative way of governing because it involves a wide-ranging collaboration among various sectors, with over 600 partners working together. As part of this, we have totally changed the mobility plan in the city, pushing cars out of our city centre so that it is now almost car-free. It was a heated debate, but because it was linked to 'Leuven 2030', there was already big buy-in. As a result, bicycle use has increased by 40 per cent in three years and we are now at the forefront of leading cycling cities in Belgium.

## | INCLUSIVE AND SOCIAL

**An essential aspect to be highlighted is that we do not just include specialised NGOs focused on ecology within the Leuven 2030 organisation. We also involve NGOs and grassroots groups dedicated to addressing poverty and those working at the neighbourhood level.** The city allocates funds to insulate social housing, ensuring that the benefits of insulation extend beyond just the middle class and higher-income groups. Indeed, the green transition should also be a

social and just transition. While we are working towards reducing polarisation and are building bridges between different income groups, this insulation of social housing also demonstrates that local governments can play a huge role in driving sustainability locally, especially when they collaborate closely with their communities, local businesses and educational institutions.

► *To make innovation inclusive, we created a horizontally structured organisation with a legal framework to make it happen. This organisation is called 'Leuven 2030'.*

Leuven also has a long-standing tradition of academic excellence, and we are harnessing this strength to drive innovation. We have established partnerships between our university and local businesses to create a thriving ecosystem for research and development. Our city's innovation hub has attracted start-ups and entrepreneurs, which drive economic growth while addressing societal challenges.

- *An essential aspect to highlight is that we do not just include specialised NGOs focused on ecology within the Leuven 2030 organisation. We also involve NGOs and grassroots groups dedicated to addressing poverty and those working at the neighbourhood level.*



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At the same time, we actively engage in networks of European cities to exchange best practices and advocate common policies. European cooperation allows us to amplify our efforts and address global challenges collectively. Selected as one of the 100 climate neutral and smart cities by the European Commission, we see ourselves as Europe's 'future lab', where solutions are developed first. We want to develop these solutions in an inclusive way. We thus want solutions that work for all and foster a more inclusive society, embracing people from all backgrounds and walks of life. That is a baseline, a motto, and the way we operate.

## | COLLABORATION IS HUMAN

**Collaboration is a deeply human trait. Throughout history, we have faced natural disasters and encountered formidable situations stronger and bigger than ourselves. However, it was our collective ability to cooperate, rather than fight one another, that allowed us to thrive.** To overcome the complex challenges of our time, we must reconnect with this fundamental aspect of

our humanity. At the local level, I have witnessed remarkable outcomes when I bring together individuals from diverse backgrounds – diverse in age, gender, ethnicity, education and talent. For example, I initiated the Buddy Project in Leuven where children from primary and high schools get help from a tutor twice a week after school. Its main goal has been to make sure everyone does well in school. More than 1,000 volunteer 'buddy mentors' are currently making a positive impact on children in 43 schools across Leuven annually.

- *Collaboration is a deeply human trait. Throughout history, we have faced natural disasters and encountered formidable situations stronger and bigger than ourselves. However, it was our collective ability to cooperate, rather than fight one another, that allowed us to thrive.*

It is within this diversity in the city where we live that we discover the strength of the connections between us. We learn from one another, and, as a result, we enrich ourselves and our community. At the heart of it all is our city's shared responsibility. This requires the contribution of each and every one of us. Our city is a cause we all care about, and it deserves our combined hard work and commitment.

However, challenges like climate change, migration and economic inequality do not stop at our city's borders. Tackling them just within our city is not enough. By sharing our experiences and responsibilities with other European cities, we can shape a brighter future for all. Together, we can build a stronger Europe and set an inspiring example for the world through our collective achievements.



Mohamed Ridouani,  
Mayor of Leuven, Belgium

# Democracies on the brink

by Lina Galvez

The Latin American region is on the brink of no longer being considered a democratic territory. In The Economist's 2022 Democracy Index the entire region scored 5.79, falling below the threshold of 6 at which democracies start to be considered flawed. Before the 2008 financial crisis, the Latin American region had scored 6. In total, this index considers 72 countries worldwide living under democratic regimes, 24 of them full democracies – including Uruguay, Costa Rica and Chile in Latin America. In the rest of the Latin American region, the index found nine flawed democracies, eight hybrid regimes and four authoritarian ones.

Some countries in the Latin American region are about to embark on a new generation of environmental rights, women's rights, indigenous communities' rights and digital rights that are not developed in other regions of the world. However, this does not mean that these rights are enjoyed by all citizens in the Latin American region as high inequalities prevail. Electoral democracy performs better than liberal democracy in the region. The Latin American population's indifference towards their country's political regimen is growing, and less than half the people are committed democrats. All this combines with an evolving international context in which Latin America, and especially its resources, are key in the battles and the transitions ahead.

## LEADING CONSTITUTIONAL PRODUCTION VS DEMOCRATIC DISAFFECTION

Latin America is currently the world's leading region in the production of new constitutions.

Indeed, since the region's independence, it has produced half the global output of new constitutions. This reflects the region's persistent political conflicts, but it also mirrors a political resolve to promote new rights. **With the increasing global attention to environmental protection, the Andean region stands as a pioneer, granting legal rights to nature itself, which is known locally as Pachamama, an Inca term for 'Mother Earth'.** In 2008, Ecuador was therefore the first Latin American country to establish a national constitution to grant rights to nature, and in 2010, a Rights of Nature Statute was added. Other Latin American constitutions include women's and indigenous rights. For example, in 2007, Venezuela became the first country to enact a specific law addressing obstetric violence, setting an important precedent that prevents the perpetuation of control on women. And although Honduras was for many years legally excluded and repressed, its 1982 constitution started an acknowledgement of indigenous people's rights. These rights later spread across the continent, with Bolivia's constitution of 2009 standing out today as a prominent protector.

Latin America also leads on the inclusion of digital rights in national constitutions. The attempted constitutional reform in Chile in 2021 would have made that country's constitution the first to provide neurorights. Although the reform was not ultimately endorsed, it would have been the first-ever constitution to legislate on information obtained from the activity of neurons in the brain via technological devices that allow a connection for reading, recording or modifying the central nervous system and the information coming from it.

Although the Latin American region has undergone constant replacement of its constitutions, it has not delivered functioning democratic institutions or equal access to them. This explains why less than half of Latin Americans are committed democrats and why a growing number are now indifferent towards their country's political regime. A large majority of Latin American citizens are deeply dissatisfied with the way their democracies work. They place little trust in their institutions and, although they are opposed to military government, a growing number say they would accept elected 'caudillos'.



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Democracy is not delivering for the majority of people, and high inequality as well as the capture of the political system by economic elites are the drivers of this disaffection.

### INEQUALITY IS NOT GOOD FOR DEMOCRACY

**In Latin America, economic inequality is structural, but not impossible to reduce. Indeed, during the previous governments of Luiz Ignácio Lula da Silva and Dilma Rousseff in Brazil, 20 million people were lifted out of poverty.** As Human Rights Watch says in its World Report 2023: "Governments in Latin America and the Caribbean should address chronic human rights concerns, including poverty, inequality, corruption, insecurity, and environmental degradation while protecting democracy". The region has the highest annual homicide rate in the world: 21 people per 100,000. It faces environmental degradation, structural racism and deep-rooted patriarchal structures that intersect with the highest global

income inequalities. About a third of the population lives in poverty, 10 per cent in extreme poverty, and income poverty and inequality disproportionately affect women, children and indigenous people. Distribution is extremely concentrated in the hands of an elite that controls the economic and political structures in its own interest. Inequality is therefore one of the main drivers of democratic failure.

Covid-19 affected the region disproportionately, increasing the number of Latin Americans living in poverty by 50 million. Although the pandemic did not create new problems, it underscored the existing ones: extreme inequality and the control of democratic processes by economic elites, as repeatedly shown in the Latinobarómetro. These elites intervene for their own benefit in the design of policies and in the control of democratic institutions, thus generating imbalances in the exercise of rights and political representation, as Oxfam and CLACSO have repeatedly shown. These interventions of the elite mean that power groups are favoured to the detriment of ordinary people who therefore remain dissatisfied with democracies.

**Controlling extreme inequality is fundamental to restoring citizens' confidence in the democratic system and institutions. However, international interference makes this transformation difficult, especially at a time of deep geopolitical transformation such as now.**

- ▶ *With the increasing global attention to environmental protection, the Andean region stands as a pioneer, granting legal rights to nature itself, which is known locally as Pachamama, an Inca term for 'Mother Earth'.*

### LATIN AMERICA AT THE CORE OF GEOPOLITICAL DISPUTES

Latin America has always been at the core of geopolitical disputes – starting with its history of colonisation, then continuing through foreign

power intervention in its political processes during and after the cold war, up to the present-day focus on extracting economic benefits from its natural resources. This is especially important in today's context of the decoupling between the US and China, and in the context of other actors, such as the EU, trying to ensure access to resources for the green and digital transitions, and trying to ensure strategic autonomy and global leading positions by securing agreements and influence with like-minded partners.

► *In Latin America, economic inequality is structural but not impossible to reduce. Indeed during the previous governments of Luiz Ignácio Lula da Silva and Dilma Rousseff in Brazil, 20 million people were lifted out of poverty.*

Today, alternative discourses to that of neoliberal globalisation are being generated in Latin America. In these alternative discourses the interests and narratives of powers such as Russia and China have a presence and influence. The EU and its defence of fundamental values and human rights therefore need to be more present in the region, as Spain's Prime Minister Pedro Sánchez has clearly stated as part of the agenda of the current Spanish Presidency of the Council of the European Union.

The US has always been the main player in the region. **However, in recent decades the presence of China has been particularly**

**relevant as it has created especially powerful alliances through the BRICS bloc, which will be joined by Argentina and five other countries from other continents in 2024. The multipolar world now enables countries to diversify their alliances or their positioning towards the Russian war on Ukraine and the management of sanctions.** The creation of the BRICS' New Development Bank in Shanghai – with former Brazilian president Dilma Rousseff at its head – is a good example of this trend after Brazil's presidency passed from Jair Bolsonaro to Lula da Silva. In fact, changing governments after elections interact with foreign interference.

The Peruvian case illustrates the fight to control the South Pacific, passing from the pro-Chinese Pedro Castillo to the pro-US Dina Boularte with economic elites facilitating the process. The port of Chancay, a Chinese project, and the lithium mines in Puno are some of the strategic resources under dispute in a country that still works with an extractive export logic. Peru still sacrifices parts of its land, resources and people's well-being to the interest of a few. The non-existence of the separation of powers facilitates this, since courts of justice do not have democratic safeguards and rule to forgive millionaire debts to big business or rule by treating their own people unequally regarding, for instance, environmental disasters such as the effects of El Niño.

**Democracy is under threat in Latin America because people are turning their backs on it. Despite impressive advances on paper, the mere inclusion of new rights in the region's constitutions is not sufficient,** as these rights often lack effective implementation in practice, mainly because of high inequalities and the capture of political regimes by economic

elites who often interact with foreign interests and interference. The current period of international re-structuring should serve for Latin American countries to find less extractive, more equal and more democratic ways to exploit their resources. The EU should have a larger presence in the region in order to accompany a real democratic process, while being wary of the growing influence of far-right movements sweeping across Latin America – and indeed across our own continent.

*Lina Galvez  
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# LULA'S NEW GOVERNMENT:

## Prospects for Brazilian foreign policy and relations with the EU

POLICY BRIEF  
July 2023

FEPS  
FOUNDATION FOR EUROPEAN  
PROGRESSIVE STUDIES



### LULA'S NEW GOVERNMENT: PROSPECTS FOR BRAZILIAN FOREIGN POLICY AND RELATIONS WITH THE EU



#### ABSTRACT

This policy brief examines Brazil's foreign policy under the third presidency of Luiz Inácio Lula da Silva, focusing on the potential for enhancing relations between Brazil and the European Union, particularly in the areas of climate change, sustainable development and energy transition. Additionally, the brief addresses the domestic challenges faced by Lula's government that could impact the implementation of Brazil's foreign policy, including fiscal constraints, threats to democracy, and the need to rebuild key federal institutions that were dismantled by the previous government of Jair Bolsonaro. Furthermore, it highlights the changing global context, such as geopolitical rivalries, the war in Ukraine and the crisis of global governance, and their impact on Brazil's role in the world and its relations with the European Union. The policy brief concludes with recommendations to enhance a mutually beneficial cooperation between Brazil and the EU.

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IN PARTNERSHIP WITH

PLATAFORMA  
CIPÓ

In collaboration with *Plataforma CIPÓ*, we examined Brazil's foreign policy under the presidency of **Luiz Inácio Lula da Silva**, focusing on the potential for **enhancing relations between Brazil and the EU**, particularly in the areas of **climate change, sustainable development and energy transition**.

Read Maiara Folly and Marília Closs on the **domestic challenges** faced by Lula's government that could affect the implementation of Brazil's foreign policy, with a focus on the **changing global context** and its impact on Brazil's role in the world. This policy brief provides recommendations to **enhance mutually beneficial cooperation between Brazil and the EU**.



# Milei strengthens the far-right wave in Latin America

by Francesca D'Ulisse

On 19 November, Argentina's extreme right candidate Javier Milei won the runoff against Sergio Massa, the candidate of the centre-left coalition. 11 percentage points difference, three million votes, a clear victory in 21 of the country's 24 provinces – this was a blow for Peronism and the international progressive movement that had supported the candidature of the economy minister.

Milei's victory means that one of South America's most important countries now switches to a right-wing government, following Uruguay, Paraguay and Ecuador. Although progressive governments remain predominant in South America, at least in the major countries, one should not be misled: the right in Latin America, and especially the extreme right, has never been as strong and as organised.

Javier Milei is just the latest exponent of this new wave of representatives of what Steven Forti calls the "extreme right 2.0". This is, on closer inspection, an international extreme right that has many points in common and many shared ideological references, as well as very similar political and communication strategies. **The Latin American right wing is strong, robust and in better health than perhaps ever since the region returned to democracy after the mournful interlude of military dictatorships.**

A shared point of this transnational political family is the war on 'communism', which for them means a war on all forms of progressivism that are present in a political system – hence a restriction of rights and freedoms and the ideal

of an illiberal democracy, or even an electoral autocracy. Part of this worldview, in which the motto 'God, Fatherland and Family' prevails, is a restrictive, reactionary and conservative view of Christianity in its various churches.

► *The Latin American right wing is strong, robust and in better health than perhaps ever since the region returned to democracy after the mournful interlude of military dictatorships.*

Again, part of this ideology is the rhetoric of **sovereignty, the recovery of powers to the nation-state from supranational organisations and the defence of national interests from any regional supranational body to which the state belongs. In economic policy, an ideological neoliberalism prevails, inspired by the 'Chicago Boys'**, the group of

Chilean economists of the 1970s and 1980s mostly educated at the University of Chicago under Milton Friedman and Arnold Harberger. Today, the economic policies of the times of dictatorships have been adapted to neoliberal globalisation, and the protagonists of the region's extreme right follow them slavishly. This extreme right-wing 2.0 uses social media masterfully. Their communication campaigns are essential to spread fears and resentment towards a new enemy on which to blame the shortcomings and weaknesses of their political proposal or the failures of the public policies implemented.

**This Latin American extreme right does not limit itself to electoral competition. Indeed, it does not shy away from organising large protest rallies, as the attempted coup against President Luiz Inácio Lula da Silva by a mob of former President Jair Bolsonaro's supporters,** attacking federal government buildings in the capital, Brasília. It is no coincidence that this copy of the US 'Capitol Hill attack' in South America took place in Brazil: Bolsonaro is a candidate to be the champion of the extreme right-wing Latin American politicians, a model for others in the region.



© Olaf Bruns

In this context, **Milei's victory should not be underestimated, and it should not be reduced to a national Argentine event.**

Instead, it is the sign of a more general malaise that runs through Latin American societies, and which was well summarised by the Latinobarometer 2023 Report, which defined this year as the year of democratic regression in the region. In terms of numbers, since 1985 there have been 20 Latin American presidents in nine countries who have had to leave office before their term expired. The Report highlights how one of the most nefarious phenomena in Latin American democracies is corruption. Indeed, 21 presidents in nine

countries in the region have been charged and convicted or are in prison for corruption.

Since 2019, there has been a change of government in all presidential elections held in the region, except in two cases – Bolivia in 2020 when a candidate of Evo Morales' party was re-elected, and Paraguay in 2023 when a candidate of the governing conservative Colorado Party was elected. This makes 20 governments of a different political orientation from the previous ones, and it is proof of a structural weakness of the ruling classes in power and their inability to respond to the needs and demands of the citizens.

The situation is therefore worrying. Democracy in Latin America is in danger. It is threatened by external and internal tensions, and it presents vulnerabilities at which the countries of the region have arrived after at least a decade of continuous and systematic deterioration of the democratic institutions.

**In Latin America, the democratic recession is expressed in various ways including in the low support of democracy, in the increase of indifference to the type of regime, in the preference for authoritarianism, and in the collapse of support for the work of governments and political parties.** "Receding democracy in many countries leaves the region vulnerable and open to populist options and non-democratic regimes – elected dictatorships – and it delays the process of consolidating democracy": these are the closing words of the Latinobarometer 2023 Report.

There is food for thought for the ruling classes - the so-called elites - of the continent. There is no risk of military coups, and that is already something, but it is not enough. Institutions, too often threatened by anti-democratic and illiberal twists from the right and the left, must be consolidated. And the very way of being in power in this time of uncertainty must be rethought. The old rules no longer apply and the new ones are slow to come about. The work for the new Latin American progressive wave, which governs, with rare exceptions, many of the most important countries in South America, is long and complex. And if we look at Europe, it is not exempt from the same problems. This is all the more reason to put democracy and the rule of law at the centre of the Euro-Latin American political agenda.



*Francesca D'Ulisse,  
responsible for Latin  
America of the Italian  
Democratic Party*

# Latin America in the changing geopolitical order

Between national interest and progressive multilateralism

by Aline Burni

Latin America's stance on the Russian invasion of Ukraine has been ambiguous apart from the pro-Russia position taken by a handful of authoritarian regimes. Similarly, with the exception of countries like Bolivia, Colombia and Chile that have condemned Israel's reaction in Gaza, Latin America has chosen not to take sides on the conflict in the Middle East. Opting to steer clear of explicit positions seems to be a pragmatic choice that is part of a broader foreign policy in Latin America. As well as upholding the region's general primacy of international humanitarian law in the Hamas-Israel conflict, Latin America's orientation pursues structural changes to an international order which the Latin American region perceives as failing and biased.

Seen from a European perspective, it can be difficult to understand why Latin America – a region that shares a history, culture and values with Europe – has not aligned with the West's strong condemnation of Russia's invasion of Ukraine, nor with the West's explicit support for Israel following the attacks of Hamas.

Yet Latin America's response to the conflict on Europe's doorstep is not primarily rooted in shared ideology, nor is it rooted in economic dependency on Russia or China. Instead, it is rooted in an active and pragmatic foreign policy that is aimed at leveraging national interests in an ever-turbulent international context. Indeed this policy has recently been termed 'active-non-alignment' by Latin American experts, and it is increasingly being adopted by Latin American nations. This active-non-alignment policy was

already in place before Russia's invasion of Ukraine and it upholds that Latin American countries should refrain from forging unconditional alliances with either Washington or Beijing in the current US-China rivalry. Instead, Latin American countries should prioritise their own national interests and evaluate how to position themselves on a case-by-case basis. The fact that Latin America's national interests are heterogeneous explains why the region has not been unified in its reaction to recent international conflicts. To varying degrees and depending on the remaining influence of the US, this prioritisation of its own national interests can be a challenging balancing act.

Overall, most Latin American nations have officially condemned Russia's invasion through their votes on the related United Nations resolutions.

Countries like Argentina, Chile, Colombia, Ecuador, Peru, Paraguay and Uruguay have consistently voted in favour of Ukraine, while the number of countries in Latin America that have either abstained or voted against the UN resolutions is far lower than in Africa. The usual suspects – Cuba, Nicaragua and Venezuela – have stood by Russia, both rhetorically and in continued economic relations, but along with Bolivia and El Salvador they have not outrightly rejected all UN resolutions, and have instead chosen to abstain or remain absent.

With regard to the Hamas-Israel conflict, the resolution adopted by the UN, which calls for an immediate humanitarian ceasefire on the Gaza Strip, received major support in Latin America (although Panama and Guatemala voted against it, while Paraguay and Uruguay abstained).

Historically, left-leaning countries have sympathised more with the Palestinian cause, while more right-leaning states have tended to follow the lead of the US. This is reflected in the current conflict, although today's Latin America seems more nuanced than in the past and, in the context of increasing non-alignment, today's Latin America seems more willing to condemn international violations of human rights and humanitarian law.

► *It is essential to recognise that Latin America's lukewarm position on the war in Ukraine is not due to the belief that the war is unimportant or distant. On the contrary, Latin American leaders understand the interconnectedness of the world and how its economies are closely linked and dependent on the main powers.*

On one side, several governments – including those of Costa Rica, the Dominican Republic, Ecuador, Guatemala, Panama, Paraguay, Peru and Uruguay – have condemned the attacks of Hamas and have voiced their support for Israel. These countries tend to have right-wing governments and are often more aligned with the US. Meanwhile on the other side, Colombia, Chile and Bolivia – all with leftist governments – have emerged as the most vocal critics of Israel in the Middle East war. In response to Israel's military offensive in Gaza, Bolivia has officially cut off diplomatic relations with Israel, while Colombia and Chile have recalled their ambassadors because these two countries consider Israel's offensive as disproportionate and in violation of international humanitarian law.

The regional giants Mexico and Brazil have for their part called for a ceasefire and a peaceful resolution, and they refrain from taking sides. Chile is an interesting case because its president Gabriel Boric has been very vocal in supporting Ukraine but has not aligned with the Western stance on the Hamas-Israel war. Boric is perhaps an example of a new generation of leftist leaders that is emerging in Latin America – leaders who are strong on human rights issues, and who are trying to take this progressive stance to the global stage.

There is thus no unified Latin American response to the Middle East war, just as there is no unified Latin American response to Russia's invasion of Ukraine. Most Latin American countries have weighed in on the war in the Middle East, and their reactions have ranged from single statements at the onset of the war to actually cutting off diplomatic relations with Israel. Nevertheless, there does seem to be consensus on three issues. First, the continued support for the two-state solution (as Latin America has

consistently supported the self-determination of peoples and has traditionally maintained relations with both Israel and Palestine). Second, the position condemning the attack by Hamas but without supporting disproportionate measures of force by Israel (as this has been the predominant stance in the Latin American region). Third, the commitment to peaceful solutions via the multilateral system and to the primacy of humanitarian international law.

**The abstentions of Brazil and Mexico on the UN resolutions calling for the suspension of Russia from the Human Rights Council, and the abstention of Brazil on the UN resolution calling for Russia to pay reparations to Ukraine, have nevertheless raised eyebrows.** Yet the UN votes do not tell the full story, as Brazil's President Lula da Silva and Mexico's President Andrés Manuel López Obrador have declared neutrality and are attempting to play the role of peace brokers, albeit unsuccessfully. Brazil aspires to be involved in peace negotiations because it believes it is in an ideal



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position to talk to all sides (including Russia, a fellow member of the BRICS). **The role of peace broker indeed seems coherent with Brazil's diplomatic tradition, which is anchored in non-interventionism, pacifism and dialogue, and Lula perceives this role as an opportunity to enhance his country's relevance in global politics.** Lula has followed the same line regarding the war in Gaza and he has thus prioritised an immediate ceasefire and a peaceful resolution of the conflict. Brazil's forefront role in calling for peace and in giving primacy to multilateralism was clearly reflected in the action of its UN Security Council presidency, when it put forward a draft resolution calling for humanitarian pauses to allow full, safe and unhindered access to the Gaza Strip for humanitarian agencies and organisations. The resolution did not pass, however, due to a veto by the United States.

On Russia's war against Ukraine, Latin America has refused to join the West in sanctioning Moscow and in sending arms to the Ukrainian forces. Indeed, the Latin American region sees the war as regrettable, but above all as a conflict that must be managed by ceasefires and compromises as soon as possible to avoid further disruptions.

**It is essential to recognise that Latin America's lukewarm position on the war in Ukraine is not due to the belief that the war is unimportant or distant. On the contrary, Latin American leaders understand the interconnectedness of the world and how its economies are closely linked and dependent on the main powers.** Latin America has recently faced a harsh impact from the Covid-19 pandemic, and the war in Ukraine has further disrupted Latin America's economic growth projections and has aggravated food insecurity and living costs. By pursuing a more autonomous foreign policy, Latin American nations are therefore seeking stable relations with all key international players in a multipolar world.

Some analysts attribute Latin America's non-alignment with the West over Ukraine and Gaza to the attempt to maximise economic gains by simultaneously maintaining relations with China, the US and Russia. Indeed, relations with China involve major material interests. However, Latin America's pragmatic ambiguity reflects foreign policy principles that were also present before Russia's full-scale invasion. **These foreign policy principles have evolved from unconditional alignment with a dominant power to today's prioritisation of national interests.**

**The current international crisis with all its repercussions has intensified Latin America's search for a more just, more effective and more representative international order, in which the Latin American region can genuinely influence decisions on major issues such as extreme poverty, climate change, foreign debt, human rights violations and pandemics.** Latin America seeks structural changes to what it perceives as an archaic global governance architecture that serves the interests of the West. It does not want to be forced to take sides or to return to the binary global segmentation that caused so much harm during the Cold War.

In the context of the Russia-Ukraine war, China has indirectly supported Russia, and Latin America is keen to maintain collaboration with China because the Asian superpower is one of Latin America's key trade and investment partners. The West must meanwhile assess why it has lost attractiveness in Latin America and must work on rebuilding its credibility. Indeed, engaging in constructive partnership with Latin America is paramount for Europe due to the Latin American region's significance in enabling Europe not only to achieve its Green Deal goals (including by contributing to the reduction of its dependence on Russian gas) but also to fulfil its global climate commitments. Latin America's non-alignment with the West is an opportunity for European engagement because Latin America's approach opens avenues for

cooperation on a case-by-case basis, unlike in Asia and Africa, where the avoidance of taking sides can be more challenging.

**Europe should avoid framing EU-Latin America relations solely around Russia's invasion of Ukraine, and it should not assume that Latin American positions are merely driven by Russian propaganda or by economic dependencies.** Latin America seeks relationships that offer realistic solutions to its complex problems. Insisting on the narrative of the Russia-Ukraine war as being a fight between democracy and autocracy does not resonate with the Latin American region, where several countries are sizable democracies. Instead, treating Latin America's calls to reform the international order as legitimate and as presenting an attractive offer for trade and development cooperation will be crucial in fostering an equal-level partnership.

**In addition, European leaders need to deliver on their promises – including making progress on the much-expected EU-Mercosur trade agreement.** Latin America perceives the West as closing its economies and practising protectionism, in direct opposition to what the West has urged Latin America to do – but the Latin American region seeks more interaction with the world, not less. Europeans need to make clear the risks of relying on authoritarian powers and they should share best practice on how to build more resilience in an increasingly interdependent and unstable world.

Only a substantial EU-Latin America partnership can enable the delivery of commonly agreed climate commitments at the global level.



Aline Burni,  
Political Advisor, Tony Blair  
Institute for Global Change

# FORGING EUROPE'S LEADERSHIP

## Global trends, Russian aggression and the risk of a regressive world



This book “provides a timely and essential read for those seeking to understand and shape the path ahead at a critical juncture in European integration”, in the words of Enrico Letta. For Arancha González Laya, it is “a unique tool for thinking about how Europe can deploy its leadership in the face of mounting geopolitical headwinds”.

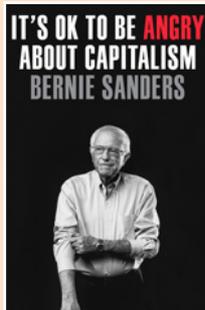
Amidst the backdrop of a shifting geostrategic environment, this book makes a strong case for foresight as an indispensable element of European policymaking.

While we can't predict the future, we must anticipate and prepare for the (un)certain.



# Social Democracy for America

by László Andor



**Bernie Sanders, with John Nichols**

*It's OK to Be Angry About Capitalism*

.....  
Crown Publishing Group, 2023

**B**ernie Sanders is the most inspirational progressive politician in contemporary America. He is not just one of the country's 100 senators but is also one of the outstanding thought leaders of US politics, able to articulate the agenda and arguments of today's American progressives. He has been at the top of US politics for the last 20 years, and his prominent role is illuminated even more by the fact that when his latest book was released (February 2023), it topped the dominant online retail platform's bestseller list in the categories of US national government, political economy and economic conditions.

**Socialism is a popular idea in the United States today, which is a fact to which we still need to become accustomed.** When it comes to Social Democracy, most people have very low expectations within the American context. In the early century, the German sociologist Werner Sombart theorised about the absence of Socialism in the US, and since then the idea of 'American exceptionalism'

has been commonplace. Indeed, the American Socialist leader Eugene V. Debs, a contemporary of Sombart, was almost a lone fighter against the two-party system, while in the 1960s and 1970s Michael Harrington, founding member of the Democratic Socialists of America, was unable to match his intellectual strength with organisational capacity. Democratic Socialism in the US therefore remained interesting but uninfluential.

Curiously, a second American exceptionalism was later defined by political scientist Andrew Moravcsik to explain the lack of interest in football – or 'soccer' – in the US. But since the mid-1990s, when Americans started to become increasingly keen on football, we have also witnessed the growth of a left-wing movement that stands as a progressive alternative to neoliberalism and neo-conservatism. Protest movements against financial and corporate power, and against growing wealth and race inequality, started to adopt a common ideology and to connect more and more explicitly with European Social Democracy.

**Bernie Sanders is the central figure of this Socialist renaissance in the US. He was for decades seen as an odd local politician from the small state of Vermont, until he became a towering player in presidential contests on the Democratic side of US politics,** and even a meme (in face mask and funny patterned mittens) following his appearance at the frosty inauguration of Joe Biden. After the 2016 presidential elections, Bernie Sanders published his credo (*Our Revolution: A Future to Believe in*). This time, in his new book, he further elaborates on the main problem he has been facing in his political life: how capitalism is built and how it functions.

► *Socialism is a popular idea in the United States today, which is a fact to which we still need to become accustomed.*

The focus of Sanders' critique is not this or that bad decision of governments or character flaws of various right-wing politicians, but the system itself. Capitalism or, as he often refers to it in the book, "uber-capitalism" or "unfettered capitalism", has brought us into the "age of deadly inequality" when, more than at any time previously, Socialists must distinguish themselves by choosing the side of the working class. The problem, as we know, is that many workers in America choose Donald Trump.

Bernie Sanders calls Donald Trump "the most dangerous president in American history". We learn from his book how the anti-Trump movement was built in the US, and that the campaign against systemic racism was a crucial part of this process. However, **Sanders is certainly not someone who would say that if only we did not have Trump, everything would be fine. He knows perfectly well that President Trump was a consequence, and Sanders's mission is to offer a way forward for American workers** so that they do not feel let down by the system and fall for the deceitful tactics of the populist right.

With his independent Socialist background, Bernie Sanders was the biggest challenger of Hillary Clinton (2016) and later also of Joe Biden (2020). This is an important part of the story because it signals that the pro-Bernie movement first of all rejected the neoliberal status quo ante along with the neoliberalisation of Democratic politics in the US, and then managed to build an alternative within the Democratic Party – the party of Franklin D. Roosevelt.

**Undoubtedly, the most important reference point for progressive politics in the US is the New Deal, the emblematic policy of Democratic President Roosevelt (1933-1945). Sanders's book concurs with this view. However, Sanders is not a backward-looking, nostalgic author or politician.** He has several contemporary sources as well, with Western European Social Democracy topping the list. Sanders reiterates the importance of full employment in Socialist economic policy, which is not a new idea, but he also incorporates new concepts like the job guarantee – a sign of progressive innovation in the 21st century.

► *Sanders is certainly not someone who would say that if only we did not have Trump, everything would be fine. He knows perfectly well that President Trump was a consequence, and Sanders's mission is to offer a way forward for American workers.*

Sanders provides an explanation to his followers about his integration into the higher echelons of the US Democrats. Important pages explain what he likes in Joe Biden and how he ended up as Chair of the Senate Budget Committee after Biden's electoral victory over Trump. (More recently Sanders has become Chair of the US Senate Committee on Health, Education, Labor and Pensions).

The point is that he joined forces with his original rival in order to create a 'big tent' and thus be able to defeat Trump together. Arguably, it is not Sanders' own choices that are most important in this story, but those of Alexandria Ocasio-Cortez and Ilhan Omar, two much younger Socialist representatives in the US Congress, who explained their decision to support Sanders by their resolve to be "part of a mass movement".

An example of Sanders' wisdom is that he distinguishes between the daily political theatre (which fills the corporate media with many superficial topics) and what he calls "real politics" (which is essentially a matter of 'class war'). He invites his young readers not simply to be angry about capitalism but also to go beyond, explaining how workers can become their own bosses and take control over their own workplaces. Supporters of ideas like affordable housing, taxing robots, shortening the workweek and introducing Employee Stock Ownership Plans (ESOPs) will find themselves aligned with Sanders' Socialism.

**It is worth pointing out the European sources of Sanders's agenda. In the chapter on education, Finland's Social Democratic policies appear as "best practice" that ought to inspire Americans, while in the domain of healthcare, the United Kingdom's National Health Service is the alpha and omega.** In political economy we often speak about an Anglo-Saxon model, but although the post-war Labour government introduced the tax-funded NHS in the UK, in the US such a universalist institution is lacking, despite Lyndon Johnson

introducing Medicare for the elderly in 1965 and despite Bill Clinton showing an interest in the 1990s (but facing ferocious opposition after 1994).

► *It is worth pointing out the European sources of Sanders' agenda. In the chapter on education, Finland's Social Democratic policies appear as "best practice" that ought to inspire Americans, while in the domain of healthcare, the United Kingdom's National Health Service is the alpha and omega.*

Undoubtedly, healthcare is a pivotal part of the American progressive agenda. This was already clear for President Barack Obama (2009-2017), the author of Obamacare, which was qualified in Brussels as 'a step in the right direction'. For Sanders, the goal is "Medicare for all", driven by the conviction that "we can overcome an uber-capitalist system that puts profit ahead of health".

**It may be that Sanders is inspired by European Social Democracy, but we too have much to learn from him.** It must, for example, be the commitment of progressives to deliver on the promise of "transformational change", and not only to keep the government offices warm while the more conservative forces reorganise themselves. If the European reader is left with a feeling of missing something at the end of Sanders' book, it could be because the book deals almost exclusively with the internal contradictions of (uber) capitalism, but does not

say much about the external consequences of it. Making redress in this regard could be an important next stage in the development of US Social Democracy.

**Reading Sanders' angry book on capitalism is as captivating as listening to a dear grandfather.** Some parts of the text (for instance that on economic rights) are taken from his speeches, but Sanders' speeches are almost comparable to those by Martin Luther King Jr. Other parts of the book were written as a kind of diary, which is particularly interesting for those who want to understand better the dynamics and the chemistry of American politics.

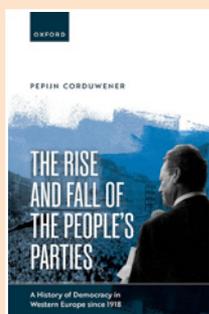
Whatever our specific interest, it is important for all of us to read more about the inside of US politics, given that most Europeans have only a very superficial knowledge of this. Many assume that because they have seen so many American movies they must already know everything about the US. Sadly, despite the importance of America in the world system, most Europeans – including students, journalists, politicians and accidental foreign ministers – lack a deeper intelligence or understanding. For those who would like to make amends and, in particular, have a first-hand introduction to progressive politics in America, this book is a perfect companion.



László Andor,  
FEPS Secretary General

# Is the crisis of the traditional parties synonymous with the predicament of democracy?

by Ania Skrzypek



**Pepijn Corduwener**

*The Rise and Fall of the People's Parties.  
A History of Democracy in Western  
Europe since 1918*

.....  
*Oxford University Press, 2023*

Studying the developments in the political party systems is like working in an anatomical pathology laboratory: different samples are put under the microscope and are then carefully observed. The various outcomes are scrupulously noted in the hope of finding mechanisms behind the trends. What is more, political scientists are as diligent as anatomical pathologists. Their research methodology enables them to frame electoral performances in sophisticated graphs, encapsulate parties of very diverse origins into moulds of models, and codify ideas to describe in numbers the respective manifestoes. While fascinating for scholars of this discipline, the outcomes often appear inaccessible to others and risk being disregarded as technocratic. But every now and again, a brilliant publication comes along that builds a bridge between the two: what is discovered and the way various audiences like to learn about it.

*The Rise and Fall of the People's Parties. A History of Democracy in Western Europe since 1918* by Pepijn Corduwener is precisely such a publication. In the most stimulating manner, Corduwener's book takes the reader through 150 years of Western European political history.

► *There is a big difference between democracy being challenged and democracy in jeopardy.*

The author is a scholar of contemporary history. He holds a PhD and works as an associate professor at Utrecht University. Furthermore, his academic path has enabled him also to acquire international academic experience, including scholarships and visiting fellowships in

Oxford, London and Rome. The latter resulted in his fascination with Italy, which led him to write several relevant articles on the country's institutional developments. His work has been published by such prominent houses as Routledge, Oxford and Clingendael.

*The Rise and Fall of the People's Parties* is a fascinating study, which Corduwener begins with a set of thought-provoking hypotheses. The author admits that the results of recent elections in Europe may have been perplexing, but he does not recommend opting for the shortcut of instantly heralding the existence of a crisis of democracy. That is because, in his opinion, **there is a big difference between democracy being challenged and democracy in jeopardy. This brings him to ask the ever-important question: can we imagine the future of democracy without the (traditional) parties as we have grown to know them until now?**

And if not, why not, since these parties seem to be falling short in both of the dimensions for which they were established: firstly, acting as transmission belts to ensure the representation of vast groups of citizens, and thus serving as inclusive communities; and secondly, acting as the guarantor of stable, consensus-based governance. For any party-related individual, a reading of these lines may create a certain discomfort or even sound like blasphemy. But these individuals would be advised to give careful thought to the 220 gripping pages and 13 easy-to-read chapters that depict the path the Socialists and Christian democratic parties have been on ever since their inception. And in the well-documented study of periods and metamorphosis, these individuals may well find answers on why and how to shake off their nostalgia for mass parties, and on how to find new ways of thinking about organisations that would better fit with serving the (progressive or conservative) mission in our new reality.

► *The new parliaments were meant to be institutions representative of all the people and the new governments acted in the interests of the whole country. When entering these institutions, Socialists and Christian democrats moved from opposing the systems to being their co-creators.*

What is invigorating is that **when explaining the evolution of the parties in (Western) Europe, the author focuses on their organisational developments and their context. Indeed, he illustrates these skilfully, quoting an impressive number of speeches, political essays and diaries from across the continent.**

Furthermore, the ideological disputes that typically take the spotlight are treated only as a point of reference when they concern the vision for the party and the missions it should serve. All the elements in Corduener's book come together as a coherent story, which has a pace marked by major events and generational changes, is full of cliffhangers, and also appears to promote the most natural course of action.

Corduener consequently shows the period after the first world war as a time in which Socialists and Christian democrats respectively tried to place themselves as co-founders of the new democracies. This meant that they needed to reconsider some of their initial principles. **The new parliaments were meant to be institutions representative of all the people and the new governments acted in the interests of the whole country. When entering these institutions, Socialists and Christian democrats moved from opposing the systems to being their co-creators.** The Socialists dropped the idea that they were striving *exclusively* for the workers' cause and that revolution was a feasible way forward. Corduener captures this intellectual shift through extended quotes from speeches and writings by leaders such as Karl Renner and Eduard Bernstein. This shift brought an organisational transformation. Social Democrats needed to expand their socialising and educational capabilities. But they needed to do it in a different way from that of the 19th century. Had they continued on the previous path, they would simply have risked becoming subcultures.

The subsequent decades saw several such transformative moments. The period between world wars was one of fragility for the political systems and of an economic crash. These situations inspired radicalisation and polarisation among populations, and they became the catalyst for the rise of extremist parties. Then came the tragic generational experience of

the second world war, which united the Social Democrats and Christian democrats in their conviction that democracy takes precedence, and that it is their responsibility to make sure that there is no space for those who want to challenge this. The post-war reality therefore saw a transformation from class- or religion-driven parties to 'people's parties' (the SPD's Bad Godesberg Programme reflected this). These parties then became the proponents of compromise, consensus and collaboration.

► *The parties now understood that they needed to prove their governing and managerial capabilities. This brought the professionalisation of politics, which was further boosted by mediatisation.*

**The new order, based on the post-war economic boom, provided the underpinning for the Christian democrats' paradigm of new stability, and for the Social Democratic welfare state** (with emblematic achievements such as the establishment of the National Health System in the UK). The party organisations were there to negotiate the terms of 'new deals' and hence absorb internally any contestation tendencies. But then the societies evolved, and the system was challenged in 1968 with protests and the emergence of new social movements, which brought forward demands from the new class of white collar workers, from the second wave of feminism and from environmental movements. Parties needed to adjust again and put emphasis on being beacons of participatory democracies. Based on this notion of being beacons, a new generation of leaders appeared – including Willy Brandt – who

all argued for 'open organisations'. This was also the time when, for example, the parties' women's organisations received a boost, even if the struggle for actual parity remains ongoing today. This new type of party became a kind of a prototype which could be exported – for example to Spain and Portugal by Felipe Gonzalez and Mario Soares respectively.

In the 1970s, the economic crisis then provoked yet another re-make. **The parties now understood that they needed to prove their governing and managerial capabilities. This brought the professionalisation of politics, which was further boosted by mediatisation.** The distance between the party elites and the membership consequently started to grow, with the latter beginning to decline. Corduener's book offers some reflections on the damage caused by the subsequent era of neoliberalism, and the last chapters refer to the organisational evolution that took place in the context of globalisation and the emergence of the Third Way. The paradox of these times seemed to be that the more open the parties tried to be to attract new members, the less appealing they became in terms of membership. The opening of consultations on their manifestoes and leadership elections simply left little in the hands of the 'old party faithful'. The relationship between parties and citizens therefore loosened, leading to more electoral volatility – with growing numbers of abstaining voters who were angry or ambivalent.

Against this backdrop, it seems to be unrealistic and irresponsible to believe that the traditional parties can make a U-turn and recreate themselves to be the organisations of their former glory. Indeed, perhaps the author is right: a hundred years of evolution show that nostalgia is never a recipe for success. So the final question is the same as that with which the book opens: can we, the most informed and most connected generation ever, stretch

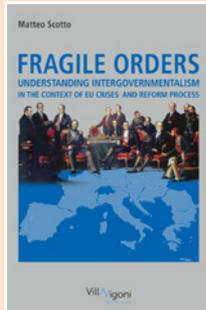
the boundaries of our imagination? Democracy is being challenged. And the reality is precarious – not least as a result of the recent polycrisis. What is needed is a new model, which would empower the citizens and be fit to serve them in contemporary times. The traditional parties can reconquer the ground, but only if they find a new organisational project. Inventing this is bound to be a turbulent and hard process, far different from the conferences with a polished televisual sequence of speeches. It calls for an honest debate, free from wistfulness and full of courage.



*Ania Skrzypek,  
FEPS Director for  
Research and Training*

# Why intergovernmentalism matters

by Ubaldo Villani-Lubelli



**Matteo Scotto**

*Fragile Orders. Understanding intergovernmentalism in the context of EU crises and reform process*

Villa Vigoni Editore, 2022

The 30th anniversary of the signing (1992) and entry into force (1993) of the Maastricht Treaty has rekindled interest in the academic and political debate on how European integration has been achieved and continues to progress. This renewed attention is undoubtedly a consequence of the increased importance of the member states, which have played a dominant role in the political processes within the European Union during the multiple crises of the 21st century. It is precisely this role of the member states that forms the subject of a highly convincing and original book – *Fragile Orders. Understanding intergovernmentalism in the content of EU crises and reform process* – which is written by Matteo Scotto, Head of the Research and Projects Department at Villa Vigoni, an Italian-German centre for European Dialogue.

The history of European integration is represented by two major theories that reflect its characteristics. The first theory is that of federalism, which traces back to the federalist movements that originated during the interwar period and between

the end of the second world war and the establishment of the European Economic Community in 1957. The second theory is that of functionalism, a process that has played a significant role throughout the history of European integration, leaving its mark on both the European Economic Community and the European Union. Despite their evident differences and coexistence over long historical periods, these two theories have consistently been linked to the Community decision-making method, which is characterised by the role of the EU's supranational institutions in the integration process.

▶ *A third theory known as intergovernmentalism gained prominence, particularly after the Treaty of Maastricht and grew in significance with the formal recognition of the European Council as an official institution of the EU through the Treaty of Lisbon.*

In addition to these two theories of European integration, a third theory known as intergovernmentalism gained prominence, particularly after the Treaty of Maastricht and grew in significance with the formal recognition of the European Council as an official institution of the EU through the Treaty of Lisbon (2007). Indeed, the European Council embodies the intergovernmental method of decision-making. However, this method has faced substantial criticism in recent years, especially following the financial and economic crisis of 2008, and is often indicated as a potential cause of European disintegration.

Scotto's book engages directly with this debate, presenting a thesis that may initially appear provocative, but that is firmly grounded and well-articulated. *Fragile Orders* serves as a defence of the intergovernmental method, which is typically singled out as one of the main factors contributing to the challenges of establishing European sovereignty. Scotto's arguments can be summarised in three main points.

Firstly, **the intergovernmental method provides a more effective framework for understanding how the EU operates**, as "intergovernmentalism fits better with reality and offers useful theoretical and intellectual tools" (p. 8). Secondly, **intergovernmentalism is not "an accidental malfunctioning mechanism in the integration process"**. It is the ontological expression of a union of member states and their changing nature within a multilevel political system like the EU" (p. 8). Thirdly, and in contrast to a prevailing research trend, **"intergovernmentalism cannot be both the cause of disintegration and the only way to reform the EU and advance the European project"**. This paradox is the ultimate proof of the need to rethink the conceptual link between intergovernmentalism and disintegration in the EU" (p. 8).

► *As an inevitable consequence of his reasoning, Scotto hints at the growing influence of the European Council not only as a body of political direction (as enshrined in the Treaties), but also as an indispensable and decisive actor in European integration.*

To illustrate the effectiveness of the intergovernmental method, Scotto analyses the case of Covid-19. The first chapter of his book (pp. 13-54) indeed focuses primarily on elucidating the effectiveness of NextGenerationEU (NGEU) as a demonstration of the effectiveness and predominance of the intergovernmental method: "The EU's response to the Covid-19 pandemic definitively challenged the alleged ineffectiveness of the intergovernmental method. In terms of both policy and politics, the NGEU is a prime example of how intergovernmental negotiation can lead to effective solutions at the European level" (p. 9).

► *As long as there is no European electoral body in place, and European elections are essentially a compilation of national elections, the EU institutions will always face challenges in asserting their authority.*

In the next three chapters, the author examines the intergovernmental method by taking an interdisciplinary historical, political and legal approach. He highlights the evolution of the institutional profile of the European Union after the Maastricht Treaty (which is considered a key turning point for understanding today's European Union).

**As an inevitable consequence of his reasoning, Scotto hints at the growing influence of the European Council not only as a body of political direction (as enshrined in the Treaties), but also as an indispensable and decisive actor in European integration.** In other words, he hints that the heads of state and government have vested themselves with constituent power. Despite sometimes being condemned, the intergovernmental method has proven to be fundamental to the progress of European integration and, in some cases, even to the preservation of the EU. Major turning points or key historical moments have indeed all been the result of action by national governments – for example the restoration of constitutional principles in the Lisbon Treaty, the resolution of the euro crisis, and the creation of NextGenerationEU.

Another issue Scotto considers is that of democratic legitimacy. **As long as there is no European electoral body in place, and European elections are essentially a compilation of national elections, the EU institutions will always face challenges in asserting their authority.** As Scotto points out, "in the absence

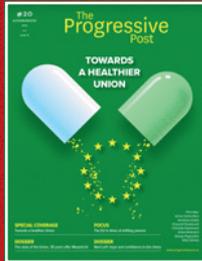
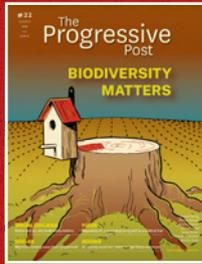
of a clear mandate for the supranational institutions, it is evident that the European Council becomes the only plausible catalyst for such political authority" (p. 67). Achieving a process of supranational legitimation, such as the direct election of the president of the Commission, is undeniably a complex endeavour. Furthermore, Scotto underlines that the European Union is not (and perhaps never will be) a federal state or a supranational union. Instead, he argues, the EU represents a synthesis of different models (like international organisation, federal union and supranational democracy) and derives its legitimacy primarily from the internal democratic processes of the member states. Scotto argues that the European Union will never derive its democratic legitimacy solely from European elections, and that although this may initially appear as a limitation and an obstacle to the functioning of the European Union, it actually reveals a twofold profile of interests: the European Union maintains a dual level of democratic legitimacy, at both the national and European level. Moreover, in Scotto's view, the strong anchoring in the national dimension, as emphasised in Article 4 of the Lisbon Treaty, does not necessarily mean that national and European interests cannot coincide. Or, in other words, that a political leader elected in a single member state cannot act as a European leader.

*Fragile Orders* is an important contribution to European studies as it facilitates an understanding of, as Scotto says, "the relationship between intergovernmentalism and the Member States in the context of the EU reform process".



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