



BUILDING AN EQUITABLE AND SUSTAINABLE SOCIETY

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Distinguished guests,

Ladies and Gentlemen,

I am delighted to address you this afternoon here at Greenwich University for such a wonderful (and I would add, historical) event: namely, the launch of the Greenwich Political Economy Research Centre.

It is my pleasure and a honour for the Foundation for European Progressive Studies to work with the prestigious Greenwich University on topics that are so crucial and relevant within the debate of European Policy and Politics.

Since its creation, as the only progressive think-tank at a European level, the Foundation for European Progressive Studies has established an intellectual crossroad between progressives and the European project, putting fresh thinking at the core of its action. As a platform for ideas, FEPS works in close collaboration with progressive organisations, and in particular national foundations, think-tanks and University research centres across Europe and abroad, to tackle the challenges that EU member states and the EU as a whole face today.

Within this framework, FEPS has worked tirelessly over the years to articulate and promote both progressive narratives to problems *and* progressive solutions to these problems. From the economic sphere and the regulation of the financial markets to solving the democratic deficit in our European societies, from re-mobilizing young people to re-engage with politics to promoting gender equality, or from dealing with the refugee crisis and articulating progressive asylum policies, to tackling the deep inequalities that exist in modern European societies.

It is for this simple reason that I am extremely pleased to start a new project today on political and economic research to foster to build up an equitable and sustainable society.

Ladies and Gentlemen,

Discussing the challenges of our European societies we should start the discussion by looking at the three main challenges that are currently facing Europe:

- The consequences of globalisation.
- The rising inequalities in the aftermath of the 2008 crisis.

- The ever more recurrent democratic deficits in relation to economic and social policies in particular concerning the Eurozone.

The first challenge we face today goes already back to the 1990s when the trends and implications of globalisation became apparent. Progressives were at that time divided and driven by two major lines of thought.

The dominant line of thought was obviously the Third Way approach. The core idea of the Third Way was the purpose of economic efficiency in combination with an electoral offer for the people. We all remember the famous quote of Bill Clinton: “It’s the economy, stupid”.

Economic efficiency was meant as reforming the after-World War II social-market economies in liberalising and implementing more free market driven policies in order to assure competitiveness and a sound economic performance at the national, European and global levels. Such reforms were expected to provide incentives for employment and at the same time for social security and stability. But as a result, competitiveness became a narrow evaluation criteria measured only in terms of productivity and growth, decoupled from the quest for improvement of living and working conditions for all.

Third Way policies have been implemented in many of the European economies from the 1990s onwards. Today numerous analyses are concentrating on the failure of the Third Way policies with regards towards social security and stability, neither they ensured the so-called Lisbon strategy goal, that Europe becomes the most complete knowledge-based economy. The failures are clearly seen in terms of what was called economic efficiency and what led finally to the disastrous economic crisis in 2008.

I think we all agree on the need to analyse thoroughly the failures of these policies. In that context the question of the reaffirmation of the state and the rethinking of the common good is obvious. But it is also evident that a simple rollback to the post-war Keynesianism would be a profound mistake. Nevertheless, looking for a new narrative on the failures of past policies remains a crucial objective.

The other progressive approach was and still is driven by the idea that another kind of globalisation is possible. Yet, uncertainty remains regarding how to temper the global power of capitalism. Yet, as the nature of power is changing, we should also be aware of the need to come to terms with these changes that are underway.

This occurred radically in 2008, when the dramatic economic and financial crisis broke out and people went onto the street to express their discontent with the rules dictating the terms and with the way the financial sector is not serving the markets but inducing further dramatic growth of inequalities. These were the “Indignados”, the Occupy and the 99% movements.

They are gone by now and rather than taking their arguments more seriously there has instead been a shift towards so-called “necessary sacrifices”, which under the name of “austerity” were proclaimed to be “the only solution”. But making those claims was in fact about legitimising a very specific political choice. Let’s be honest - sustaining institutional set up that leads to inequalities is a political choice. Implementing cuts in public services provision and in social safety nets is a political choice. Not seeking another, even if initially not popular, alternative - this is also a political choice.

The first reasoning behind this argument is the alleged requirement of rules-based processes to balance public budgets and reduce rising sovereign debts. The second and even more irrational reasoning behind is with regards to the macroeconomic argument that supply creates its own demand, which calls for structural reforms to attack the rigidities on the supply side that are seen as harmful to growth and jobs.

It was affirmed that the crisis is not only a crisis of the financial sector but is more and more a crisis of sovereign debt due to overspending by the public sector. Consequently to solve and fix the problem, the proposed solution was to cut public spending in order to avoid further debt increases and restore the path of growth and economic and social stability by giving back flexibility to the markets.

These policies have left Europe at risk of deflation, with a slow growth, high unemployment and quickly rising inequalities. It brought Europe at the threshold of a severe humanitarian crisis, in particular in Southern and Eastern Europe. After more than five years of austerity and structural reforms the European Union is still not out of the economic crisis. The crisis continues to burn, especially in Southern Europe, with unacceptably high unemployment, especially amongst young people. Notably instead of deepening integration, the European Union is more and more disintegrating and this years’ EU-referendum in the UK is also a consequence of that kind of European policies.

Progressive economists have to fight this neo-liberal economic thinking. The free self-regulating market does simply not exist and the premise that this leads automatically to employment and growth is wrong, on one hand as a theoretical but also as a practical approach.

Consequently the loss of citizens' trust is evident and lack of confidence in national governments, this especially in relation to the European Union governing processes, is growing as policies are not ensuring employment and social security. These policies have subsequently also brought back excessive European inter-governmentalism and even growing supra-nationalism, hence less involvement and democratic participation of the citizens. The evident result is the rise of extremist and populist movements.

Election after election the amount of voters favouring non-traditional democratic parties is growing. We have seen that in 2014, which resulted in the most fragmented European Parliament ever. But we have also seen that in the subsequent national votes, during which more radical, as also the populist, extreme and anti-systemic groups are growing in numbers. That is a strong and serious message that the electorate is sending towards current political systems.

Ladies and Gentlemen,

All of this brings me to my conclusion and to my proposals for the newly created research centre.

It seems to be clear that the European Union desperately needs a reset in terms of policies and in terms of it's vision and it's narrative about where it is going and why it is taking this or that path.

The European Union must become the convinced pro-European actor, liberating itself from self-assumed limitations and bargaining subsequent opt-outs. The best deal that a singular country can get is not about disintegration or separatist approach, but is about finding the way to forge a path for the Community of which prosperity, wealth and strength benefits all its Members both in their national and global acting

Looking towards the future I am convinced that the only way out is to offer a solution to citizens that leads to better and more social stability. It is evident that this can only be achieved with a road map for a more just and equitable integration and the development of more federal structures adapted to the tradition of the European nation-states.

Any solution will not be simple and easy. The European Union is perhaps nowadays more a gathering of nation states than an entity of a Union. There are institutional obstacles, legal obstacles and enormous differences in economic philosophies. Therefore an on-going intellectual and scientific debate is highly appreciated on the dramatic economic and social transformations sweeping the whole world and also Europe.

So, I welcome this joint initiative here today as a new centre to reach out and build on these ideas to bring them to the fore of academic and political debates. I am very much looking forward to seeing the work develop on the various fields of speciality.

Without doubt concentration needs to be on three core elements:

1. Theoretical and conceptual elaboration of a new model of combining public and private capitalism,
2. Enhancing the research of overcoming inequalities and working on rethinking the state,
3. Rethinking the common good, in order to contribute to the development of a modern face of capitalism.

This should lead finally to guide politicians in the implementation of such policies.

So this is why I truly am delighted that this new centre is being established, it is very worthy in my opinion. I am confident also that the team here, especially Giovanni Cozzi and Professor Özlem Onaran are more than capable of handling this enormous task. It will be interesting to track the developments and FEPS, the Foundation for European Progressive Studies is very happy to be a part of this too.

Thank you very much for your attention and I wish all of us a fruitful and intellectually inspiring Greenwich Political Economy Research Centre.