

# The *indignados* are asking the right questions about Europe's future

The questions the *indignados* are posing should be taken seriously and change the EU's discourse. The current prominence given to so-called "self-interest" in business and trade must shift to issues that really matter such as the future of our planet. Development, if truly sustainable, needs to take place for and through people; human rights have to be placed at the core of any developmental approach. At the same time living conditions and general well-being have to be improved in a sustainable manner. In this regard emphasis should be placed on promoting gender equality, advancing women's rights and empowering women.

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In October 2011 the *indignados* from Madrid went to Brussels to share their concerns and raise serious questions. They were joined by people from other European countries who were also inspired by Stéphane Hessel's book *Time for Outrage!* (*Indignez-vous!* in the original French). Hessel, a 93-year-old man who was in the resistance during World War II, urges his readers to defend the values of modern democracy and reject the "selfish" power of money and markets.<sup>1</sup> These values are embodied in the setting up of the United Nations as a way of mediating conflicts, the proclamation of the Universal Declaration of Human Rights and the establishment of the European Union.

The *indignados* came to ask what Europe had to offer them. With one out of two young people in Spain unemployed it was natural that they were seeking answers. European Commission President José Manuel Barroso recognized that times were especially difficult in his 2011 State of the Union speech to the European Parliament, saying: "We are now facing the greatest challenge our Union has ever seen, I believe, in its history."<sup>2</sup> He warned that countries could leave the EU and that there would be a reversion to nationalism. Two weeks earlier the Polish Finance Minister had cautioned the Parliament that a Eurozone collapse would probably lead to the break-up of the Union and the real prospect of war in Europe within 10 years.<sup>3</sup>

The *indignados* are correct to wonder whether our leaders are asking the right questions or are asking the questions in the right way.

## Trapped in conservative discourses

Europe is currently trapped within two primarily conservative discourses. One of them stems from the anxiety of citizens and national leaders who regard the EU as no longer to their benefit and want to return to the primacy of a national identity and policy framework. The second, led by a corporate sector badly in need of an EU that can compete at the global level, is fear of the devastating consequences a breakdown could pose.

Missing in both of these discourses is a concept of an EU that benefits its citizens and contributes to greater understanding among countries in the region and to peace and prosperity for all. While the EU was based on an approach that integrated the economic and social dimensions, the social dimension is no longer part of a discourse dominated by "self-interest," Europe's "needs" and Europe's "competitive power." The emphasis on short-term profit rather than long-term economic sustainability betrays Europe's heart and soul. It also sacrifices the goal of an economic policy that can be sustained and can benefit everyone.

Increasingly Europe's economic development has been fuelled by both the consumption and depletion of global resources,<sup>4</sup> resulting in wealth generation for the region but environmental degradation inside and abroad. Much of this development has relied on acquiring resources in third countries and acting with self-interest in terms of business and trade. The Lisbon Strategy was adopted in 2000 with the stated aim of making the EU "the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion" by the end of the decade.<sup>5</sup> It sought to enhance economic growth through better policies for the information society, structural reform for competitiveness and innovation and increased investment in research and development. Modernizing the European social model, investing in people

and combating social exclusion were also set as objectives.

By the end of the decade however economic growth had further declined, and while employment rates were slightly higher than at the beginning they were far short of the target of a 70% overall employment rate. In overall terms the strategy was widely acknowledged to have failed. The 2008 global financial crisis was a contributing factor, but even before the financial meltdown it was clear that the Lisbon Strategy would not deliver on its ambition to make the EU the most competitive knowledge-based economy.

Although the European Commission argued that the Strategy had prepared the ground for pursuing needed structural economic reforms, by then the global environment was significantly more challenging than it was 10 years earlier. Regenerating the EU's economy became even more urgent, particularly in the face of competition from the emerging economies. It was in this context that the EU adopted the Europe 2020 strategy<sup>6</sup> in 2010 as a follow up to the Lisbon Strategy. Europe 2020 also places economic growth at the core, prioritizing smart growth (knowledge and innovation), sustainable growth (efficient, greener and more competitive) and inclusive growth (employment, social and territorial cohesion). This strategy is to be implemented through seven "flagship" initiatives, including promoting resource efficiency and focusing on poverty. The new strategy seeks to "fully mobilize" all of the EU's instruments to achieve its goals, including external policy tools,<sup>7</sup> and this has been a central topic in current reviews of EU policies.

## Sustainable development policies

In relative terms the EU has been fairly progressive in sustainable development policy, with the Lisbon Treaty creating new legal obligations that it must fulfil in its relations with third countries.<sup>8</sup> In addition to making poverty eradication the overarching goal

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1 J. Lichfield, "The little red book that swept France," *The Independent*, 3 January 2011. Available from: <[www.independent.co.uk/news/world/europe/the-little-red-book-that-swept-france-2174676.html](http://www.independent.co.uk/news/world/europe/the-little-red-book-that-swept-france-2174676.html)>.

2 J. M. Barroso, President of the European Commission, "State of the Union Address 2011," 28 September 2011. Available from: <[ec.europa.eu/commission\\_2010-2014/president/state-union-2011/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/state-union-2011/index_en.htm)>.

3 L. Phillips, "Poland warns of war 'in 10 years' as EU leaders scramble to contain panic," 14 September 2011. Available from: <[euobserver.com/18/113625](http://euobserver.com/18/113625)>.

4 WWF has said that the EU and other high-income regions are using five times the amount of natural resources as low-income countries ("WWF contribution to public consultation on the EU position for the 2012 United Nations Conference on Sustainable Development," April 2011).

5 ESIB – The National Unions of Students in Europe, "The Lisbon Agenda: An Introduction," Brussels, 2006. Available from: <[www.esib.org/documents/publications/official\\_publications/lisbonhandbook.pdf](http://www.esib.org/documents/publications/official_publications/lisbonhandbook.pdf)>.

6 European Commission, "Communication from the Commission: Europe 2020 – A strategy for smart, sustainable and inclusive growth," 3 March 2010. Available from: <[eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:2020:FIN:EN:PDF)>.

7 Ibid., "Executive Summary."

8 "Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community," entered into force 1 December 2009.

in its relations with developing countries, the EU also has a duty to foster sustainable development in the region and contribute to that of developing countries as set out in the General Provisions on the Union's External Action (Title V) of the Treaty.<sup>9</sup> Moreover the legal basis for the principle of Policy Coherence for Development (PCD), which was formally put in place in 2005 in the European Consensus for Development, was strengthened in the Treaty amendments. This ensures that synergies are found between the 12 policy areas<sup>10</sup> and development targets, including the Millennium Development Goals (MDGs).

Sustainable development has also been identified as a fundamental and overarching objective of the EU, most concretely in its Sustainable Development Strategy (SDS) in 2006 and the subsequent SDS review in 2009. The SDS aims at mainstreaming the principles of sustainable development in a wide range of EU policies, with a particular focus on climate change and renewable energy. Yet despite these promises a number of inconsistencies between legislation and practice can be identified.

The EU is currently reviewing these policies as it plans its budget and work plan for the 7-10 years starting in 2014. While the outcome of the current Eurozone crisis will have a significant impact on the EU's future, the nature of its future policies is being driven by the economic objectives of the 2020 strategy. Although the papers from the Commission for the policy reviews are all set within the context of sustainability, inclusion and the promotion of equality, they are also rooted in the current short-term profits approach to the economy. Greater emphasis is given to access to energy, investing in agriculture and the role of the private sector but strategies for pursuing this are not well defined.

A striking example of the profits approach is the detrimental effect the EU's renewable energy target, or more specifically biofuel policy, has had on developing countries. In April 2009 the EU adopted the Renewable Energies Directive, which set individual targets for each member country in order to achieve the goal of sourcing 20% of the EU's energy needs from renewable sources including biofuels. However the target has been widely criticized since it has led to land grabbing by large agri-businesses, which not only displaces local communities but also contributes to food insecurity since land formerly used for food production is now used to provide energy security for the EU: in one case 20,000 people were at risk of losing their homes and livelihoods.<sup>11</sup> The views of local communities are not considered and no compensation is provided. Clearly this is not in line with

either the PCD or the EU's obligations as laid out in the Lisbon Treaty. "EU leaders have got the policy wrong. Under no circumstances should communities be evicted to grow fuels to meet the EU's energy needs," David Barissa, ActionAid Kenya's biofuels expert, recently stated.<sup>12</sup>

The EU's Common Agricultural Policy (CAP) has also been widely criticized for encouraging vastly unequal business relations between farmers in Europe and in the global South. In particular EU dependence on imported animal feed, especially soy, has contributed to the growing demand for land abroad, leading to deforestation, the displacement of communities and an expansion of genetically modified soy in South America<sup>13</sup> and thus both environmental and socially detrimental effects. In addition EU export subsidies encourage overproduction of certain crops, which leads to the dumping of excess agricultural commodities on the world market – that is, selling at prices below those that would prevail in undistorted markets and in many cases at prices below the cost of production. This has contributed to the general downward trend of world market prices for agricultural commodities over the past several decades, creating little opportunity for equal inclusion of farmers in developing countries in the global agricultural market.

The CAP will be reformed in the coming period, and the 5,600 papers and commentaries received during the consultation process reveal widespread concerns about the environment, biodiversity, climate change and the viability of rural communities. The European Commission's new policy on biodiversity is actively addressing these problems at home but highlights the need for a coherent global European policy in this respect. The competition for investment in land in Africa and elsewhere, including security in response to financial volatility, is driving production for the European market to developing countries and displacing the livelihoods of small farmers. Recently 300,000 hectares of land were acquired in Ethiopia for intensive agricultural production for export at the same time as humanitarian organizations were raising funds to fight spiralling hunger there due to the loss of livelihoods in rural areas. It is clear that only an integrated policy approach to energy, biofuels, agriculture, finance and climate can reverse such perverse trends.

The focus on energy, emphasizing increasing renewable sources, coincides with the EU's own need to secure reliable energy supplies from outside the Union. Prominent in the Africa-Europe Energy

Partnership are goals that increase European access to both electricity and gas from Africa.

A recently published Commission Communication sets out plans for a resource-efficient Europe as one of the initiatives under the Europe 2020 strategy.<sup>14</sup> This initiative aims to increase economic performance while reducing resource use, boost EU competitiveness and growth, ensure security in accessing essential resources and reduce carbon emissions. It provides a long-term framework for action in many areas, supporting policy agendas for climate change, energy, transport, industry, raw materials, agriculture, fisheries, biodiversity and regional development. The strategy aims to reduce the link between economic growth and resource use, acknowledging that the economy is on an unsustainable path. However the Commission recognizes that, despite the wide range of policies in place that aim at improving resource efficiency, the EU's objectives are failing to be achieved.

### Strategies on social exclusion and protection

The European Platform against Poverty and Social Exclusion, one of the 2020 strategy flagship initiatives, aims to establish a "platform for cooperation, peer review and exchange of good practice" that helps "foster the commitment of public and private players to reduce social exclusion." It envisages "an assessment of the adequacy and sustainability of social protection and pension systems" and identifying "ways to ensure better access to health care systems."<sup>15</sup> The European Anti Poverty Network (EAPN) welcomed the multi-dimensional approach to tackling poverty and social exclusion but regarded the lack of recognition of the negative impact of increasing inequalities as a major weakness.<sup>16</sup>

EAPN stresses that poverty and social exclusion cannot be sustainably reduced, nor inclusive growth achieved, without tackling inequality and discrimination. It also points out that employment alone does not guarantee a route out of poverty. Priority needs to be given to building a more socially responsible economy that provides access to decent jobs and defends social rights and services. It calls for the EU financing on poverty and social exclusion to be a binding priority to ensure a more holistic delivery model, increased transnational exchange and the enablement of stakeholder involvement and access to finance by community-based NGOs.<sup>17</sup>

9 Ibid.

10 Trade, environment and climate change, security, agriculture, bilateral fisheries agreements, social policies (employment), migration, research/innovation, information technologies and transport and energy.

11 ActionAid, "Fuelling Evictions: Community Cost of EU Biofuels Boom," 2011. Available from: <www.actionaid.org/eu/publications/fuelling-evictions-community-cost-eu-biofuels-boom>.

12 Cited in M. Banks, "EU energy policy could push world's poor 'further into poverty,'" The Parliament, 9 May 2011. Available from: <www.theparliament.com/latest-news/article/newsarticle/eu-energy-policy-could-push-worlds-poor-further-into-poverty>.

13 European Parliament, "Opinion of the Committee on Development for the Committee on Agriculture and Rural Development on the CAP towards 2020: meeting the food, natural resources and territorial challenges of the future," 13 April 2011. Available from: <www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2011-0202&language=EN#title2>.

14 European Commission, "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Roadmap to a Resource Efficient Europe," 20 September 2011. Available from: <ec.europa.eu/environment/resource\_efficiency/pdf/com2011\_571.pdf>.

15 European Commission, 2010, op. cit.

16 European Anti Poverty Network, "EAPN First Response to the European Flagship Platform against Poverty and Social Exclusion: A European Framework for social and territorial cohesion," 20 January 2011. Available from: <www.europolitique.info/pdf/gratuit\_fr/286638-fr.pdf>.

17 Ibid.

## Green jobs but no justice

From the very beginning the implementation of the Europe 2020 strategy has been hit by the deepening Eurozone crisis. The policies of austerity being rolled out across Europe are undermining the strategy's objectives as governments cut public expenditure and social benefits, lay off public sector workers and squeeze incomes. Although the Commission promotes itself as the staunchest promoter of a social economic approach, there is growing concern that its liberalization tendencies will increase demands on national governments to impose further cuts in public expenditure as part of increasingly stringent monetary discipline. This has been made possible by recent decisions supported by member countries and the European Parliament to give increased powers to the Commission over the management of national public accounts.

The publication of the EU position before the June 2012 UN Sustainable Development Conference should be seen in this context. The EU will wish to avoid making new commitments in Rio unless it strengthens its own ability to deliver. This is disappointing given previous EU commitments to sustainable development in international fora. In the European Commission's Communication "Rio+20: Towards the green economy and better governance," the green economy proposed does not constitute the significant break from the current macroeconomic model that many critics believe is needed. The definition of a green economy focuses on green growth and job creation.<sup>18</sup> This is not necessarily a social market economy,<sup>19</sup> which is problematic if the notion of justice (which is at the core of sustainable development) is to be taken seriously. If the concept is to truly contribute to sustainable development, the current definition must be broadened to place

the characteristics of a social market economy and protection of the environment at its core.

Self-regulation of the private sector is also an approach pursued and encouraged by the EU in common with other industrialized partners. In addition there is a growing trend to promote a greater role for the private sector in EU development strategy. This is due to the need to levy investment outside of the public domain, which is unsurprising given the air of austerity now prevalent. That this is clearly misguided can be seen from the disastrous results of having a self-regulated private sector, examples of which include food price spikes, environmental and social ruin as a result of private sector activity in developing countries and of course the 2008 financial meltdown.

Moreover proper environmental and social regulations or tax systems are too often not in place in developing countries (at the encouragement of donors in order to stimulate foreign direct investment) and render it near impossible for the population to benefit from the growth generated by private sector activities. Developing countries must be able to capture the gains of private sector activity within their borders instead of disproportionately suffering due to irresponsible business practices. Reducing shocks (in their various forms) requires private sector activity to be environmentally and socially responsible – current proposals for an EU-wide financial transaction tax (FTT)<sup>20</sup> are encouraging in this respect. However for the most part a responsible private sector is not encouraged in EU strategy.

Moreover the green economy as outlined in current EU strategy does not fundamentally address imbalances in the economy. Greening the economy, for the EU, is the investment in and proper management of natural capital. Natural capital is essentially the stock of natural ecosystems that yields the flow of valuable

ecosystem goods or services into the future. However placing natural capital within the current economic system and therefore under the same economic management mechanisms will ultimately lead to power remaining with the few and billions disproportionately exposed to financial shocks. This will not bring about sustainable development, at least if we adhere to the Brundtland definition.<sup>21</sup> Encouragingly the EC Communication does acknowledge the need to rethink the conventional model of economic development.<sup>22</sup> However it is unclear how the strategy outlined in the remainder of the document achieves such a rethink.

It is also striking to note that the Commission does not stress in any part of the Communication women's particular vulnerability to natural disasters or the need to protect and empower them against these. Women have a crucial role to play in sustainable development and a particular emphasis should be put on advancing their rights and promoting gender equality. In any truly effective approach to sustainable development, structural and societal discrimination against women must be eliminated and the necessary policy instruments to redress these imbalances put in place.

## Conclusion

To be truly sustainable, development needs to take place for and through people; human rights have to be placed at the core of any approach to development while living conditions and general well-being have to be improved in a sustainable manner. As the *indignados* of Europe march to Brussels, our hope should be that the questions they raise will be taken seriously and will change the EU discourse from one that is focused only on so-called "self interest" into one that focuses on issues that really matter such as the future of our planet. ■

18 The EC definition of a green economy is "an economy that generates growth, creates jobs and eradicates poverty by investing in and preserving the natural capital upon which the long-term survival of our planet depends." See: <ec.europa.eu/environment/international\_issues/pdf/rio/com\_2011\_363\_en.pdf>.

19 A social market economy may include combining private enterprise with government regulation to establish fair competition and maintaining a balance between a high rate of economic growth, low inflation, low levels of unemployment, good working conditions and social welfare.

20 PricewaterhouseCoopers, "Flash News: The EU Financial Transactions Tax Draft Directive and the Implications for the Global FS Industry," 30 September 2011. Available from: <www.pwc.lu/en/tax-consulting/docs/pwc-tax-300911.pdf>.

21 The Brundtland Report of the World Commission on Environment and Development defines sustainable development as meaning that humanity "meets the needs of the present without compromising the ability of future generations to meet their needs." See: <www.un-documents.net/wced-ocf.htm>.

22 "There are compelling reasons to fundamentally rethink the conventional model of economic progress: simply working at the margins of an economic system that promotes inefficient use of natural resources, will not be sufficient in bringing about change" (EC, "Rio 20: towards the green economy and better governance," 20 June 2011, p. 5. Available from <register.consilium.europa.eu/pdf/en/11/st11/st11845.en11.pdf>.)