

SYSTEM FAILURE

SOCIAL AND ECONOMIC (IN)SECURITY IN EUROPE

AN INTERVIEW WITH
**GUILLAUME DUVAL &
PHILIPPE LAMBERTS**

What does security in socio-economic terms mean in the 21st century, given our current political and economic situation? Green MEP Philippe Lamberts and editor-in-chief of *Alternatives Économiques* Guillaume Duval explain the factors underlying rising job insecurity and social insecurity, despite Europe being richer than ever. Why are governments and the EU seen as less able to provide economic and social security, and how is this type of insecurity linked to other security concerns?

GREEN EUROPEAN JOURNAL: What observations would you make on the importance of security in economic and social terms in the public debate today?



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ÉCHEC DE SYSTÈME : (IN)SÉCURITÉ ÉCONOMIQUE ET SOCIALE

L'économiste Guillaume Duval et le député européen Philippe Lamberts expliquent la hausse de l'insécurité socio-économique, ses liens avec d'autres types d'insécurité, et les solutions à apporter.

GUILLAUME DUVAL: The question of economic insecurity plays a central role in the concerns of the French these days, just as it does for other Europeans. Economic insecurity in terms of unemployment, of course, and the risk of becoming unemployed, but also in terms of the precarity of employment and the poverty into which, rightly or wrongly, large numbers of the middle classes feel themselves to be in danger of falling. This economic insecurity is of particular concern for the future, the long-term stability that our social systems offer often seems highly uncertain to European citizens, along with their capacity to allow their children to live comfortably. This is a result in particular of political decisions taken over the last thirty years, since the 1986 Single European Act. These decisions have resulted in the systematic challenging of our national social systems by the practice of social and fiscal dumping in a Europe considered above all as a market-place. This was made worse in the early 2000s by a broad but shallow enlargement

of the Union, which widened the income gap in this market-style Europe lacking in social and fiscal regulation. The disastrous effect of these political decisions has been further aggravated in the last few years by the Eurozone crisis and the essentially deflationary response given largely by the German government. As a result, further projects to challenge social systems provoke strong societal reactions.

PHILIPPE LAMBERTS: If we look at the legislation being adopted in Europe – such as the free trade agreement with Canada, which has just been voted through the European Parliament (CETA) – security plays an important role: at least, security for investors; security in order to protect investment and allow the banks to put the burden of risk onto their clients. The question of security is therefore centre stage, but it is essentially that of the investors and pension funds; that of equity holders. The security of the working people is not really a priority. When I hear, for example, Emmanuel Macron in France declare that the first “privilege” which needs to be tackled is that of permanent contracts, it really does seem to be all the wrong way around. For the last 30 years, and since the movement towards neo-liberalism, workers’ rights have been continually weakened through the competitive nature of free-trade logic, and the social systems of EU Member States have been under permanent pressure. Individuals are put into a precarious situation while big businesses are strengthened. When

the president of the European Central Bank (ECB), Mario Draghi, declares that the “European social model is dead”, I don’t know what to think exactly. How, when with an annual GDP of 10 000 euros per inhabitant, it was possible to finance the social systems of the 1960s, is it not possible today with a GDP 3.5 times higher (GDP of 35 000 euros per person in Europe in 2015)? The real question is that of added value: the percentage of profit, of remuneration of capital, has gone up considerably. It is not true that it would be impossible in purely financial terms to provide each individual with a universal basic income. It is simply a question of political choice and not of feasibility, as we so often hear. I say this because the European Union has never been as rich as it is today. The only real question is how this wealth is distributed. The work of Thomas Piketty demonstrates this perfectly: capital is shared more and more unevenly and the private sector is becoming concentrated in fewer and fewer hands. It is easy to see who the system benefits. Some may continue to doubt that climate change is of human origin, but in the case of inequality, there can be no doubt.

How is the question of insecurity today linked as much to the economic situation of individuals (growing instability in the job market, fear of unemployment, social exclusion, increasing automation in the workplace, etc.) as to the real risks these individuals face in terms of physical danger (fear of terrorist attacks, assaults, etc.)?

GUILLAUME DUVAL: With the exception of certain urban areas and specific situations, the real risk of encountering this type of violence remains limited for now, in France as in the rest of Europe – we are still far from the situation of Brazil or Venezuela, for example – and many categories of crime are actually dropping. As for the risk of being the victim of a terrorist attack, this remains extremely unlikely. But it is true that this type of event, loudly amplified in the media and on social networks, finds an echo in the anxiety generated by the perpetuation of economic insecurity. And all this in a geopolitical context where the instability and threats which are growing ever greater on the edges of Europe do not encourage a climate of serenity; rather, they fan the flames of the fear of seeing a huge number of refugees “invade” the old continent and in so doing, drive the last nail in the coffin of our social systems. These multiple forms of insecurity sounding off against one another inevitably provoke a desire to escape reality with the search for a pseudo-security through a return to a fantasised past and a golden age which has never actually existed. It is the basis of the temptation of fascism.

PHILIPPE LAMBERTS: The more inequality grows, the greater the risk that economic violence turns to physical violence. Terrorist attacks cannot be explained by simply equating them with inequality of income, but it is clear that a society with marked inequalities creates fertile ground for all kinds of insanity, including the most violent. If people imagine they can go on living without violence in a world where differences in income vary from 1 to 400, they are deluded. The violence of the system will do everything in its power to maintain, by force, the right of the rich to their security. We must therefore act against inequality, if only for the sake of our own security, for an exaggerated concentration of wealth in the hands of a few exerts financial pressure on government. We see it every day. We are still surprised to see that the governments currently in power in Europe go on pursuing policies – which they have for a long time now – which, above all, benefit the rich. It is the richest 1% who benefit from these policies. If “democracy is the government of the people, by the people, for the people”, the last part of this saying no longer stands, since the policies followed today in Europe are designed only for a very small minority. According to Lincoln’s definition, we are therefore no longer in a democracy. The predatory capitalism that we observe today also, of course, endangers people’s physical security by the mass destruction of the social framework it causes and by the degradation of the environment. This violence is doubtless most visible for the moment in the countries of the Southern hemisphere, but is becoming more widespread.

Given the phenomenon of 'uberisation' and the increasing automation that is threatening the very existence of a human workforce in many fields, how do you envisage future models, both of work and of social welfare?

GUILLAUME DUVAL: I don't believe for a moment that automisation is going to eradicate work. The difficulties faced in this area in France and the rest of Europe over the past few years are mostly linked to a marked slow-down in productivity gains, not an acceleration. Difficulties are, above all, related to global and European social and fiscal dumping, and to economic policies adopted in Europe which are completely inappropriate, especially since the 2008/9 financial crisis.

For the future, the digital revolution will indeed destroy many jobs and whole industries (for example, the written press), and that will, of course, create considerable social problems. Public policy will have to tackle this as thoroughly and urgently as possible. But, as with the weaving looms in the 19th century, or automotive production lines, it need not necessarily lead to a reduction in the total number of jobs available in our societies. Enormous social needs must still be met, and the

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capacity of the human imagination to invent new jobs and activities is infinite. The nature and legal status of these jobs can, though, be transformed by the digital revolution. Indeed, lowering 'transaction costs', as economists put

it, can actually challenge the current logic of companies and employment patterns in favour of a return to more independent, pre-capitalist types of work. To guard against any harmful effects of this development on our welfare systems, we must ensure that the systems in place evolve to provide the

same kind of protection both to employees and the self-employed. We must equally ensure that independent contractors can band together to negotiate collectively with so-called 'sharing economy' platforms.

In your opinion, are authorities providing the right responses to questions of economic security?

GUILLAUME DUVAL: No, and that is the whole problem of the Left in France. During the last government's term in office, those on the Left were actively involved in making the working class less secure by supporting the view that it is essential to challenge and reform welfare and employment rights in order to bring down the

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costs of employment and public spending and the inescapable argument that the labour market must be made more flexible. This was particularly the case with the disastrous Labour Code Reform, debated in 2016, which was brought in after two other laws were passed in 2013 and 2015, and which already aimed at this loosening of the labour market. It was the last straw which forced François Hollande to step down from the presidential race. But it is also the case more widely throughout Europe and, of course, in particular in those countries that have suffered the most from the Eurozone crisis. It is true that some people are aware of this as shown by the ‘European pillar of social rights’ set up by Jean-Claude Juncker, but in the absence of decisive progress on fiscal integration and the challenging of economic policies, these social concerns can only ever remain superficial in Europe.

PHILIPPE LAMBERTS: It all depends on whose point of view you take. From the point of view of the investors, no doubt. But let’s call them ‘equity holders’, investors are people who make long term investments to obtain long term results. But they are an endangered species. These days, it is the equity holders who tend to use the planet and its people for immediate profit, rather than middle or long term investment. In his encyclical *Laudato si’*, Pope Francis denounces the restricted economy of the modern world. The governments in power today endanger the security of the great majority. After Brexit in Europe and the victory of Donald Trump in the United States, we have obviously not taken seriously the dangers that threaten us: we continue to deregulate the financial system, we congratulate ourselves on finalising CETA, we keep up the financial pressure on Greece, etc. In short, we don’t change a thing. The security which we want to continue to guarantee is still that of the ‘equity holders’, at the expense of everyone else’s.

In your view, what would be the right responses to adopt, political as well as economic and social, in the face of this economic insecurity whether experienced first-hand or sensed, particularly by young people in Europe, and which feeds populism and a backward-looking sense of identity that is on the rise today in France and throughout Europe?

GUILLAUME DUVAL: In my view, the major challenge here is the change of direction of economic policy led by the German government. These policies are just absurd. In fact, according to the European Commission, the Eurozone had a positive current account balance last year of 384 billion euros (sales of goods and services); in other words, 3.6% of Eurozone GDP. This means that we could have spent 384 billion euros more in Europe last year without creating any deficit. No need to go begging to Qatar or to the Chinese; we ourselves produced this amount, despite corrosive unemployment, the poverty that has skyrocketed since the crisis, and the delay in transitioning to renewable energy. We didn't spend it, simply because our own policies prevented us. In this context, it is totally unacceptable that the European monetary policy continues to devalue the euro. But, despite her claims to the contrary, it is Angela Merkel who largely holds the keys to this problem. With the present state of the European economy, the ECB can only adopt a less lax monetary policy, if for their part the European Member States themselves

adopt less restrictive budgetary policies and less deflationary policies for the labour market. These policies are the ones which the German government, however, insists on imposing on its neighbours. If public opinion and the German leadership do not rapidly change their approach, the European construction will fall apart and the Far Right will take over power, notably in France.

PHILIPPE LAMBERTS: We need a change of direction in Europe: our objectives as Europeans should be objectives which are binding with regard to our ecological imprint and our fight against inequality in order to finally put in place a Europe of fiscal and social integration that embraces ecological transition. All our big trading partners around the world, in particular China and the US, are protectionist, and if borders are there to be crossed, it is our democracies that must fix the conditions of movement of goods, of services, and above all of capital. Europe has an important bargaining chip: access to its vast internal market. It is a powerful bargaining chip, for no multinational business can ignore the European market and this can be used to impose rigorous social and environmental norms here and elsewhere. The response of the populist parties to insecurity is to promise security by turning inwards. It is the strategy of the 'fortress' or the 'umbrella'. It is the infamous 'us and them', where 'us' preferably means the 'white man'. It is a common element of the populist parties today, even if

some of them are led by women. This diagnosis is mistaken in the sense that certain of these populist parties in Europe are neoliberal: the Nieuw-Vlaamse Alliantie in Belgium, the Dutch extreme right Partij Voor de Vrijheid, etc. The real question is not the level at which these decisions are taken, like the European level denounced by populists of the Far Right, but their nature. These populists lie to people when they let them believe that building walls will isolate them from the storms of the outside world (climate change, migration, etc.) Europeans will make up 5% of the global population in 2050, living on 2.2% of the land mass. We therefore have no other choice but to work together. Article 1 of the Universal Declaration of Human Rights states: “All human beings are born free and equal in dignity and rights.” This, however, is not a description of reality, but a promise, and the present political powers are not doing what it takes to keep this promise. The task, therefore, is to create political majorities built around this first article.



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