

GREEN EUROPEAN JOURNAL

VOLUME 24
WINTER 2022

PRICED OUT

THE COST OF LIVING IN A DISRUPTED WORLD



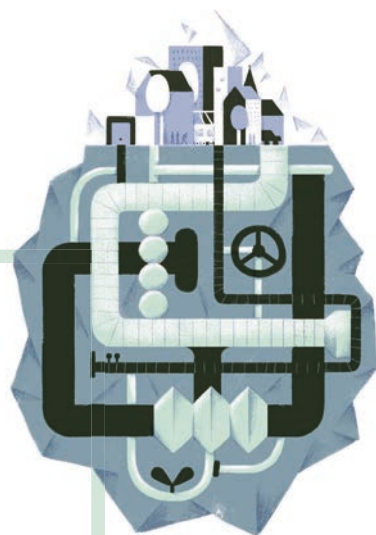


Bringing Europe Together Amid Crises

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discuss how Europe's socio-economic model must be reformed to weather current and future shocks and how to bring about a green transition that leaves no one behind.

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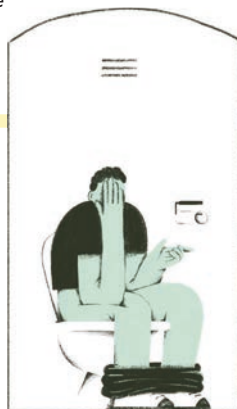
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EDITORIAL

SOLIDARITY IN AN AGE OF SHOCKS

JAMIE KENDRICK
FOR THE EDITORIAL BOARD

Buffeted by an onslaught of shocks, living standards across Europe are under pressure. More than just short-term turbulence, the cost of living crisis signals that Europe's social, geopolitical, and ecological security rests on rebalancing a failing socio-economic model.

With the world still reeling from the pandemic, Russia's invasion of Ukraine in February 2022 unleashed a new level of suffering and horror. Not only is its human cost incalculable, with the people of Ukraine the first victims, the war has deepened the global energy and food crises, though both precede the invasion. The disasters keep on coming and even the weather has taken on a new, menacing role. The droughts and floods in Europe and many world regions are reminders of the dangers of a changing climate. Combined with an economic system that allows an outsized role for financial speculation, the collision of these events has forced the cost of living upwards across Europe and the world. The effects have proved cumulative, tipping economies into generalised inflation that risks becoming recession.

A break with 30-year trends, the return of inflation to European economies has plunged many people into poverty and put pressure on household budgets for much of the middle class. Driven in particular by energy and therefore also transport prices, the distributional effects of the rising cost of living reignite the conflicts most visibly expressed by the *gilets jaunes* movement in recent years. Will the poorest have to pay the price for Europe's energy transition? These stresses are all the more acute considering

D R I A L

that life has become increasingly insecure in recent years, with soaring rents in major cities and the hardships that many people, especially the young, experienced throughout the pandemic.

More than a simple monetary phenomenon, price rises contribute to an uncertainty that pervades people's outlook on the future. Sri Lanka was the canary in the coal mine. In July, protestors driven to revolt by unaffordable fuel prices stormed the presidential palace. A photo of a face-masked protestor, waving a loaf of bread and standing before flames lit outside a government building, encapsulated the mood. European countries may be rich enough to shield much of their societies from the full extent of these shocks – at a cost for the rest of world – but even with this support many people cannot meet their basic needs. In this context, a sense of impoverishment can prove politically toxic. In September 2022, far-right parties were the main winners of the Italian and Swedish elections, tapping into widespread dissatisfaction with promises of hard borders, energy security, and a firm hand.

Explaining the economic situation comes with political stakes. A focus on inflation leads you down the road that central banks are already taking: raising interest rates and thereby risking the jobs of some for the purchasing power of the majority. On the other hand, a framing based on the “cost of living” politicises inflation, pointing to how rising prices undermine access to essentials such as food, housing, transport, and energy. Nevertheless, talking about the cost of living still implies that access to these essential rights should be a matter of budget balancing for households.

Who do people turn to in such times? The classic conservative answer is to tighten our belts until the economic situation improves. Whereas for the traditional Left, fighting falling living standards is a simple matter of pay packets and redistribution. On the extremes, far-right and populist forces are always present to offer easy answers to whoever will listen (helping Ukraine is too expensive; blame the migrants).

EDITO

Green politics has always sought to be radical – in the literal sense – understanding and tackling problems at their roots. This summer, French president Emmanuel Macron proclaimed the “end of abundance”, seeing our confluence of crises as signs of coming scarcity. For some ecologists, his analysis rang true. Indeed, the current economic turmoil cannot be explained without factoring in resource constraints, unpredictable climatic conditions, and disrupted global flows. In short, planetary boundaries. But what the diagnosis fails to offer is the emancipatory vision that has always been at the heart of green politics. For Greens, achieving social justice and ecological sustainability relies on defining new approaches to prosperity.

Amid a cost of living crisis, the Greens should not bring a message of austerity and hard times ahead but stand up for social protection and redistribution, as well as asserting the possibility of providing for our needs differently. For public services, think of the rail fares slashed in many countries. For households and businesses, subsidies provided to renovate and save energy just when people need it most. At the level of communities, those renewable energy cooperatives supplying cheap electricity in decentralised and democratic ways. From precarious individuals depending on vulnerable systems over which they have no control, the Greens can reclaim rights and protect living standards by building shared institutions based on resilience and abundance.

Throughout history, social rights have often been extended in times of war. Europe’s firm solidarity with Ukraine is now driving the continent’s efforts to break free from fossil fuels. This transformation cannot succeed without deepened solidarity within and between European societies. More than temporary relief, they need a new direction. After 2008, the call for a Green New Deal was not immediately taken up. But it went on to inspire an investment-led approach that continues to shape the green transition in Europe and the United States. The long-awaited social core of the Green New Deal is more urgent than ever. In driving this point home, the Greens can take up that leadership role once more. Investment in the common good and the green transition go hand in hand. Europe’s future hinges on radical solutions to uncertain times.

DRIAL

With the social question burning, parties across Europe are striving to respond to the urgent needs of citizens. The task brings what are at once challenges and opportunities for Green parties. Whether in power or opposition and across levels of government, the first is the window to force through change with speed and urgency. The same logic may require compromise on red lines, as the extension of nuclear power plants in some countries speaks to. But the current moment is a chance to make leaps towards establishing new solidarity mechanisms and social rights while accelerating public investment in the green transition. It is a matter of finding the openings and seizing the moment. Relationships with other forces and allies are a second challenge. Trade unions and climate activists have pivoted to new forms of militancy. Green parties will have to navigate and channel the demands of these constituencies to achieve their own objectives, thus entering a more conflictual terrain. A third challenge is to be the political force that connects the levels of European politics and builds a real sense of European solidarity between societies. The social agenda at the European level has gained renewed momentum but its success rests on national support. The capacity of local, national, and European authorities to respond to social challenges also depends on effective cooperation across borders. Coordination is the only way to manage the tensions and imbalances between European member states. If the Greens do not do it, then who will?

The editorial board and team thanks Roderick Kefferpütz for his contribution to the Green European Journal. During his tenure as an editorial board member, he provided valuable insights and guidance and was a prolific contributor. As he moves on, we wish him all the best for the future.

BRINGING EUROPE TOGETHER AMID CRISES

AN INTERVIEW WITH
**ERNEST URTASUN &
ANTONINA NENAŠEVA**

Against a background of heightening geopolitical instability and economic uncertainty, the path ahead for Europe looks far from smooth. Green MEP Ernest Urtasun and co-leader of Latvia's Progresīvie Antonina Nenaševa discuss how Europe will need to make decisive choices. The Russian invasion of Ukraine is a stark illustration of what is at stake. To ensure we choose the road that leads to a better quality of life, stronger democracy, and solidarity across borders, Green and progressive forces will have to provide both immediate solutions and a vision for a sustainable and just future.

GREEN EUROPEAN JOURNAL: The world finds itself in a state of multiple crises from the war in Ukraine and the energy crisis to the economic downturn and the environmental disasters occurring around the world. In this "polycrisis", it sometimes feels as if we are reduced to spectators rather than actors who can shape events. How can we seize this moment to achieve social and political change?

ERNEST URTASUN: We are indeed in a moment of huge change that creates many uncertainties. It is important to be able to convince citizens that we can shape this moment and move towards a progressive agenda. This task can only be achieved at the European level. There are two areas in particular where Europe needs to show leadership and deliver. First, the world is entering a very dangerous era, in which the rules-based order created at the end of the Second World War is at stake. The United Nations is extremely weakened and the long-term consequence of [Russian President Vladimir] Putin's invasion of Ukraine will be to challenge that

rules-based order even further. At the same time, authoritarian regimes everywhere are growing stronger – this is seen most clearly in a strong China and an extremely aggressive Russia. The rules-based order needs to be protected more than ever. The second area where we need to deliver is climate action. Climate change is a source of massive uncertainty for many citizens and Europe needs to respond quickly, coherently, and efficiently.

ANTONINA NENAŠEVA: Focusing on multiple problems simultaneously is not easy. We are human beings and multitasking is not our most natural condition. We are much more comfortable pinpointing one problem and dealing with it. Over the past 20 years, the increased flow of information has also contributed to a sense of global interdependency. So we now feel that a crisis somewhere else in the world is also our crisis. That is why there is this feeling of uncertainty that affects politics as well as everyone as individuals. What can we do in this situation? I think that we need a clear agenda for the short-term centred on responding to the needs of citizens through income support and global coordination to avoid a generalised crisis. Whereas in the long term, governments need to come up with viable strategies that can tackle our interconnected problems. The Greens are well positioned here because the movement has always connected the fight for the climate to social justice and the struggle for human rights worldwide.

The rising cost of living is forcing many people into poverty and squeezing the household budgets of much of the middle class. What political risks are coming down the line from declining living standards?

ANTONINA NENAŠEVA: Inflation is now above 20 per cent in Latvia. For some products, prices have risen by 50 per cent or more. It is a huge increase and it's very visible: you see and feel it every day in the grocery store. People are feeling the effects and the crisis is very worrying, even if energy prices have not stayed as high as they were and the alarmist political forces who said that Europe was not going to survive the winter appear to be mistaken.

To address the cost of living crisis, global and European coordination is essential. First, countries need to provide relief to low-and-medium income households – because for many this crisis is a question of survival. In the long term, Latvia like all European countries needs to be investing in renewables and renovation. The poor condition of our building stock is a huge problem for us as a post-Communist country with many badly insulated apartments and harsh weather conditions. Without renovation, all our energy is essentially spent on heating the streets. The same goes for our public transport system; this crisis is showing why an environmentally sustainable public transit system is both a short-term and a long-term priority. But to

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RISK OF
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AGAINST
THE EUROPEAN
GREEN DEAL
– URTASUN

maintain the public investment that we need while avoiding currency difficulties, we need that global cooperation.

ERNEST URTASUN: Inflation is a phenomenon that throughout history leads to the defeat of governments. It could yet have a terrible impact on our political systems. If you look at the elections since inflation became a problem in Europe, every time a country goes to the polls, the sitting government loses. That is why we need the European Union to develop what I would call a “social shield” that can protect the most vulnerable in society.

In general, we are in the middle of an economic shift. This crisis, along with the two previous ones – in 2008 and the pandemic – have made it clear that leaving everything in the hands of the free market was a bad idea. After years of failed neoliberal policies, the only way to keep our welfare systems functioning and protect our democracies is by massively reinforcing public services and social protections while making sure that the costs of inflation are fairly distributed. The Greens in the European Parliament are calling for windfall taxes on the corporations that have profited in the past year, banning evictions to protect those most in need, and guaranteeing that basic goods on shelves remain affordable. The European Union has taken some positive steps, the windfall tax on energy firms for example, but the progress is very slow on reforming the electricity market, which is the root of Europe’s current problems, as some European governments are dragging their feet.

ANTONINA ĆENAŠEVA: I agree with what has been said about the political implications of inflation. In the Latvian elections in October, the consequences were clear: two-thirds of the seats went to MPs who had never been elected before and four out of the seven parties in Parliament are new. While part of this development is positive, as the progressive green vision is now finally represented in Parliament, we have also seen the comeback of oligarchs and their shady businesses, as well as wins for other radicals

In Latvia, it feels as if the 1990s are back – which is no good thing. Of course, Latvia gained its independence and built its democracy in the '90s, but they were also years with many dark sides: a growing shadow economy and powerful players bending the rules. I would like to say that Green and social democratic parties can make progress at the current moment but the political reality is that it is radical and populist forces who benefit most. For the rule of law, it is a major concern.

How can Greens become the political force to whom struggling citizens turn in a moment of crisis?

ERNEST URTASUN: I think that we can be the force that provides certainty and optimism to the people if we continue to offer a social and political project for the majority. If we look at recent elections in Italy and Sweden, the main problem was that progressive forces were not capable of offering an attractive societal project. This failure creates space for the far right to step with their societal project. The far right wins by looking to the past and exploiting a sense of nostalgia that can contrast with the uncertainties of the future. This explains Brexit. It explains Trump. And I think it explains Meloni as well. For the Greens, this challenge means looking to the future with optimism, continuing to be ambitious in terms of fighting climate change while strengthening the narrative on social justice.

ANTONINA NENAŠEVA: The most basic step is talking about the problems and not pretending everything is fine. Many citizens still believe that Green parties are about waste management and nature conservation, so we still have to work on the right narrative that can connect these dots. A crucial and challenging task is also to explain that green solutions are not expensive solutions; that the environmental approach is way cheaper in the long run and will benefit people much more than the status quo.

With the war in Ukraine and the increased focus on our dependence on Russian gas, it should be possible to explain why independence from fossil fuels is crucial for many reasons: to foster social justice, to fight climate change, and to protect human rights. We also need to highlight the need for real energy independence – switching from one dependence to another should not be an option. Not even if it means switching from Russian dependence to American. In the longer term, we need public ownership over strategic sectors such as energy.

OUR
ENVIRONMENTAL
PROGRAMME IS
A SOLUTION FOR
MANY OF
OUR GREAT
SOCIAL ILLS
– NENAŠEVA

Some politicians are reluctant to turn to European solutions because there remains a perceived distance between European countries. The war in Ukraine might feel distant to some; others might think that economic troubles in a different country are not their concern. How can Greens build solidarity across European borders?

ERNEST URTASUN: I think it requires a political and cultural change, in the sense that we Europeans need to understand that youth unemployment in Greece is as much a Baltic problem as the threats to the Baltic borders are a Spanish problem. This is the culture that we need to build. And we have progressed on that front: I truly believe that the security concerns that the Baltic countries express are everyone's concerns at the EU level.

The best way of building a common sense of what one could call the European interest is to constantly try to bring European solutions to different sets of problems. The good news here is that, compared to the Eurozone crisis, the geographical divisions today are much less significant. Previously, some member states were massively affected by the sovereign debt crisis, while others were not. Today, all of Europe faces the problems of a badly designed electricity market, energy shocks, and an unfair tax system. Nevertheless, even though this is not an asymmetric shock, there is still the risk of member states thinking they can play it solo.

ANTONINA NENAŠEVA: The war is a huge event that is relevant for all of Europe. For me, this issue is of course very emotional. The war is very close geographically speaking. I have refugees from Ukraine in my home. I have friends and family members who are affected. At the same time, we need to be clear that it is not a unique phenomenon. Europe is facing different kinds of global crises each year, so we will need greater cooperation, strong interdependence with joint policies, and shared responsibilities.

Latvia and the Baltic states have taken on a strong leadership role when it comes to supporting Ukraine. We have emerged as strong geopolitical players that are confronting the vulnerabilities highlighted by Russia's

aggression. What the Baltics have achieved on a regional level is also possible on a pan-European level. After all, preventing war on the European continent and minimising Europe's vulnerability in the face of global interdependencies are the reasons why the European Union exists.

Many economists are worried that a European and possibly a global recession could be on the way. The European Central Bank and central banks around the world have raised interest rates. Have we learnt the lessons of the previous crisis or do we risk a return to austerity?

ERNEST URTASUN: I do not see that risk in the short term. There is a cultural change in economic thought that is weakening the influence of neoliberal ideas in Brussels, the member states, and generally on the international level. The European Union has learned its lesson about austerity. After almost blowing up our common currency, I do not see an immediate return to that idea. But the political battle over the reform of the EU's fiscal rules has begun and it will have extremely important consequences for the economic policy mix that the members can develop. If the current rules were to be reapplied in 2024, we would indeed enter a new round of austerity everywhere in Europe. However, I do not expect that to happen and I think there will continue to be public support for our economy. At the same time, the decisions of central banks to raise interest rates will make life very difficult for many households and families.

After 2008, the Greens put forward the narrative of the Green New Deal. Ten years on, we can see the influence of that vision. It shaped both the European Green Deal and the Biden agenda even if its social aspects were much diluted. Is there a similarly transformative vision that can answer our current crisis?

ERNEST URTASUN: Our Green Deal remains a valid narrative for the coming years. We don't need to reinvent the wheel. The Green Deal always had two legs: the ecological transition of our economy and decarbonisation and a strong social reform of our economy and our welfare systems. After all, there will not be any transition if we do not manage to secure social cohesion. Today, there is a major risk of a backlash against the European Green Deal. At the European level, the European People's Party is doing its best to water down legislation linked to the Green Deal. Our role as Greens is to argue for both of these aspects, decarbonisation and the construction of a fair society. The Greens will be there to push the European institutions to keep their ambition.

ANTONINA NENAŠEVA: I agree, we have to reform and strengthen social protection and act as leaders on questions of inequality, combining this with our climate policies and the central place of human rights in our political narrative. This point leads me back to the notion of connecting our key topics, as the problems we face are increasingly

interconnected. Climate change is creating ever greater inequalities. Fossil fuel extraction drives many human rights violations. Ukraine's loss would be a loss for all of Europe. In these ways, our environmental programme is a solution for many of our great societal ills. We need to make this clear to the people with a vision both locally and at the European level. The Russian invasion is so vivid that we have to keep emphasising it in our narratives and explain what a non-democratic, fossil-driven system of governance and society leads to.

**ANTONINA NENAŠEVA**

is a Latvian politician and member of parliament. She is one of the two co-chairs of the Progresīvie party and was previously a member of the Riga City Council.

**ERNEST URTASUN**

is a member of the European Parliament in the Greens/EFA Group, of which he is also vice-president. He is a coordinator of the committee on economic and monetary affairs, a substitute member of the foreign affairs committee, and a member of the subcommittee on tax affairs.



UNITED IN DIVERSITY?

CONFRONTING EUROPE'S ENERGY DIVIDES

AN INTERVIEW WITH
HELEN THOMPSON

While energy is the common foundation of Europe's economy, EU member states have strikingly different energy policies. In the context of compounding security, economic, and environmental crises, calls to surmount the tensions surrounding energy are increasing. We spoke to economist Helen Thompson about the fault lines exposed by the energy crisis, government responses to our present disorder, and prospects for greater European unity.

GREEN EUROPEAN JOURNAL: In late summer 2022, French president Emmanuel Macron warned that we had reached "the end of abundance". What do you make of this idea, specifically in relation to energy?

HELEN THOMPSON: In some sense, Macron was engaging in truth-telling. We're entering an age – or maybe we've been in one for a while – of relative energy scarcity, though I stress relative because this is not a straightforward issue. Economic conditions have got significantly more difficult and are unlikely to get much better in the foreseeable future. However, the phrase is also problematic because many people in Western countries haven't been living in an age of abundance for some time. The underlying economic crisis around energy issues and the relationship between energy and financial and monetary issues that ultimately constrain growth have been experienced by many people in Europe for years. That is why it is politically off-putting. Talking about an age of abundance totally neglects distributional issues.

Many believe that the energy crisis is solely a result of Russia's invasion of Ukraine. But to what extent was an energy crunch already on the way?

The energy crisis pre-existed the war. Even if you see it as a short-term energy crisis as opposed to the longer-term story that I think it is, there were two watershed moments before the war. The first was the fall in oil production in 2019, the year before pandemic, leading to a not insignificant gap between global consumption and production. As soon as the post-pandemic economic recovery began in 2021, oil prices began to rise again quite sharply, and the Biden administration and European governments began to worry.

The second turning point came with the dramatic increase in China's demand for gas imports during 2021. This was coupled with Gazprom's apparent reluctance to make gas available in the spot markets for much of that year, preferring to limit itself to servicing long-term contracts with European countries. This led to structural competition over liquefied natural gas (LNG) between Asian and European countries, which paid much higher prices than the United States [a major LNG producer with only limited export capacity]. The effects of these developments in Europe were only dampened by the Omicron variant in late 2021. So we can see that the supply-side constraints at the heart of the energy crisis were on display well before the war broke out.

Energy costs are driving up the cost of living. Is this the first time European households and businesses have felt the impact of global competition for goods they could previously access relatively affordably?

In terms of the cost of living crisis, there is evidence of energy costs putting pressure on households from autumn 2021; it was only Omicron that eased the market. It also diverted attention elsewhere. Businesses grew more concerned about gas prices throughout the 2010s, particularly in energy-intensive industrial economies such as Germany. The stark divergence between European and American prices made German companies realise that they were carrying costs that the Americans were not.

The energy crisis has prompted some retrograde steps for the green transition, including a return to coal. Some even argue the transition is partially responsible for the rising cost of living. How accurate is this?

That's a complicated question. It's not clear that there's any strong, direct link between the use of solar and wind in generating electricity and the cost of living issue, beyond cases where, as in Germany, some of the costs of the energy transition are structurally put into energy bills. However, there is an interaction between the problems posed by wind intermittency in particular and the gas problem. Several European countries have

**THE WAR WAS JUST A TIPPING
POINT FOR THE ENERGY
CRISIS, NOT ITS CAUSE**

had relatively poor wind levels for a while now. This creates demand for gas that is then very expensive, sometimes prohibitively so – particularly in northern European countries that rely more heavily on wind than solar. So the fallback position becomes coal. In that sense, the limitations of the energy transition, particularly around intermittency, have at least partly contributed to the struggles with gas and the return to coal. Despite the fact that we're supposed to be in a transition away from coal, we've got historically high coal prices.

How is the current crisis exposing energy divides both between and within European countries?

There is substantial variety in the energy mixes of different European countries. This is having a major impact on how the current energy crisis is playing out. What has also come to the fore is the difference between the countries with nuclear power and those without. Nuclear was a source of tension within the EU during the discussions over the green taxonomy and is a clear dividing line between France and Germany.

The return to coal will make it more difficult to put pressure on Poland for its high coal use by European standards. What European countries, not least Germany, have shown since the outbreak of the war in Ukraine is that coal is the energy source of last resort. The divisions

are structural in that they arise from the fact that, for a long time, there has not been a great deal of unity in the way in which EU members have pursued their energy policies.

In terms of within countries, there are differences in the willingness of some people to accept the consequences of the part of the energy crisis linked to the war. It is in Italy where these differences can be seen most clearly. Mario Draghi's government collapsed because of a lack of support from the Five Star Movement, which criticised Draghi for prioritising the war over the cost of living crisis. Although the leader of the Fratelli d'Italia – now Italy's largest party – is a staunch supporter of the Ukrainian war effort, this problem is not going to go away. We're seeing similar tensions over the cost of living in the Czech Republic, where there have recently been major anti-government demonstrations. This fault line between the cost of living and the war is unfortunate because it's not true that the energy crisis emerged because of the war. The war was just a tipping point for the energy crisis, not its cause. It has made it worse, certainly. But it was not the primary cause.

The questions of how the energy crisis is framed, what fiscal support is offered both to households and to businesses, how long that support should last, and what happens to it if the war ends but the energy crisis doesn't are quite divisive. Energy is essentially

a distributional issue. The richer you are, the more you consume, and the poorer you are, the less you consume. If we need to cut energy consumption, the question of who this falls to becomes a sharply political question.

Many commentators have drawn comparisons between today's energy crisis and that of the 1970s. To what extent was neoliberalism a fix for the West's last major energy shock?

It's not possible to understand the response to the problems of the 1970s – which goes under the name neoliberalism – without seeing it primarily as a response to the energy crisis. To the extent that it's coherent to talk about neoliberalism, i.e. the elevation of market principles over state intervention, it's primarily a narrative about the United States and Britain. During the 1970s, the US energy crisis was addressed by an incredibly interventionist federal state that was involved in deciding which states were going to get which energy sources and for what purpose. It also deployed price controls. The Reagan presidency dismantled that federal energy state. Meanwhile, in the United Kingdom, Thatcher's first government let North Sea oil production operate according to international market forces.

As to how the inflationary problems of the 1970s came to an end, this requires an energy answer as much as what might be described as a neoliberal monetary answer. In the early

1980s, the US Federal Reserve's monetary policy created recessionary conditions – not just in the United States but across the world – that reset oil demand lower to allow time for new, more expensive production from the North Sea, Alaska, and Mexico to come into play. When oil prices came down with new supply, so did inflation.

The 1980s was also a period of deindustrialisation in Europe. Can we tell a similar energy story about the rise of neoliberalism in today's European Union?

The first thing to say is that West Germany stood back from this thing that gets called neoliberalism, and certain features of the West German economy remained different. Germany, unlike the United States and Britain, is not an oil or gas producer and has never been in the position to let international markets take care of the energy issue. Germany's dependence on foreign oil and gas has been a major vulnerability, also in macroeconomic terms, since the age of oil began. This is why so much importance has been attached to its trade surplus since 1945. If you are a significant energy importer, you need to be able to pay for it. It also explains why Germany was faster than other European countries and the United States down the energy transition road. It wasn't just the climate; it reflected Germany's long-term energy predicament around reliance on oil and gas.

At the same time, it was the monetary problems the European Community countries faced in the aftermath of the breakdown of Bretton Woods and the energy shocks of the 1970s that led the European Community, minus Britain, to monetary union. Through the shocks of the 1970s, the West German currency was much stronger and had much more anti-inflationary credibility than any other European currency. This was the context that ultimately gave birth to the Eurozone. There's almost always a story about the relationship between the energy side of things and the monetary side of things at any given time.

The Spanish and Portuguese governments moved to cap prices, while other countries have nationalised energy firms and infrastructure. Will the state need to take on a more active role in guaranteeing energy security in the years to come?

In countries with high foreign energy dependency, the state has never moved away from a deep concern with energy security. The steps that we took to resolve the energy crisis of the 1970s or even that of the mid-2000s cannot be repeated. You cannot let market forces bring on new supply. Offshore oil in the North Sea has already been extracted, and geopolitical developments have turned reliance on Russia into a dead end. Furthermore, the monetary environment after 2008 – with quantitative easing that made it possible for lots of capital

to be poured into unprofitable investments in the US shale sector – is no longer there. Indeed, we're trying to undo that monetary environment because of the inflation problem.

In this context, the only way left to deal with this problem is a state that will have to be much more interventionist, whether through taking direct control over the industry or through huge fiscal support. The question is: can you have a huge fiscal outlay when bond markets are getting jittery, central banks are tightening policy, and the dollar is strengthened against most currencies in the world? There is a serious question for European countries as to whether the scale of the borrowing required to support the energy side will precipitate a currency crisis.

While EU policies such as the Green Deal, the sanctions on Russia, and the single market all impact energy policy, there is no European energy policy as such. Do you think the EU will gain greater competence over this area?

There is no doubt that common energy problems incentivise European cooperation. Energy was central to the EU's predecessors – the European Coal and Steel Community and the European Atomic Energy Community. Generally, European countries have common energy problems. The era of divisions between energy importers and energy exporters such as the Netherlands, Norway, and the United

COMMON
ENERGY
PROBLEMS
INCENTIVISE
EUROPEAN
COOPERATION

Kingdom is not quite over, but it's getting there – with the possible exception of Cyprus. The commonality of the energy problem as well as of climate change incentivises cooperation and integration.

On the other hand, there remain significant differences between EU countries. Europe's geography complicates matters even further in terms of supply routes; it makes much more sense for France and Spain to look to Algeria than for the Baltics or Germany. And high-level energy consumption is no longer just a Western affair. To put it bluntly, Germany has filled up its gas tanks for the winter by making it extraordinarily difficult for Pakistan to buy any liquefied natural gas for most of the summer. The bottom line is that they simply couldn't afford to pay the rates European countries were willing to pay. This has an impact on the potential for European unity because the relationships individual European countries have with the rest of Eurasia and Africa are not the same. Problems in northern Africa and the Middle East affect southern Europe differently than northern Europe. The incentives for unity are strong, but the actual specifics of finding common ground are considerably more difficult.

You've argued that, even with accelerated renewables deployment and stopgap fossil fuels, we need to use less energy. In the 1970s, Jimmy Carter was voted out of office for asking Americans to moderate their energy use. Why is calling for demand reduction so politically difficult in the West?

Carter is the politician who tried this the most systematically and dramatically – certainly in terms of the language he used in his [July 1979] “malaise” speech – and he was punished for it. If you look back to 1970s Europe, however, you see that people were prepared to accept reduced speed limits and car-free Sundays to reduce energy consumption.

Something changed in Europe between the 1970s and now. It is striking that, until the war came along, no politician was willing to make those

THE ENERGY
TRANSITION
INVOLVES
REBUILDING
THE ENERGY
FOUNDATIONS
OF OUR ENTIRE
MATERIAL
CIVILISATION

kinds of arguments for climate change reasons, or to respond to the cost of living situation. War has changed the situation by increasing the risk of supplies simply being cut off, and it's easier for people to understand that consumption is an issue.

What defies explanation is why, in the 1980s and 1990s, it became so much tougher for European and US politicians to talk honestly about the energy constraints we face. Perhaps European democracies had become unused to thinking about energy or sacrifice by this point. In the 1970s, in contrast, perhaps there was still enough of a memory of austerity and food rationing that the idea of energy rationing didn't seem like such a shock. In Britain, for example, food rationing went on until well into the 1950s, and the energy crisis began in 1973. That's only 20 years.

The war in Ukraine has pushed the energy transition to the fore. Should we attempt to marry our responses to the climate crisis and Europe's security concerns?

Yes, there is a story that can be told in those terms. You can frame it around the need to change how we consume energy, both because it makes us dependent on countries like Russia and because we're already living through a climate crisis. In this sense, there is pain to be endured to reach a future where the climate is less threatening and leaders like Putin are unable to use their countries' energy superpower status to wield geopolitical influence. The hope is then that you can produce a lot of energy domestically under a low-carbon energy scenario.

The downside to this narrative is that it misses out on an important part of the picture around fossil fuel resource constraints. The kind of framing used by Emmanuel Macron and [former] UK prime minister Liz Truss – “we just need to endure this for the sake of Ukraine” – presumes that, if and when the war comes to an end, the energy crisis will go away. It won't.

Moreover, a low-carbon future won't change European countries' foreign resource dependency become dependent on foreign. Europe will be dependent on metals from the rest of the world. The geopolitics of extraction and the relationship between the standards of living in the parts of the world that benefit the most from high energy consumption and the parts of the world where the resources are and will be extracted from is a significant political problem coming our way consumer and extraction countries.

Your latest book is entitled *Disorder*. Will this be the norm for the decades ahead? Or can the energy transition and the wider push for resilience in Europe genuinely deliver more security and stability in future?

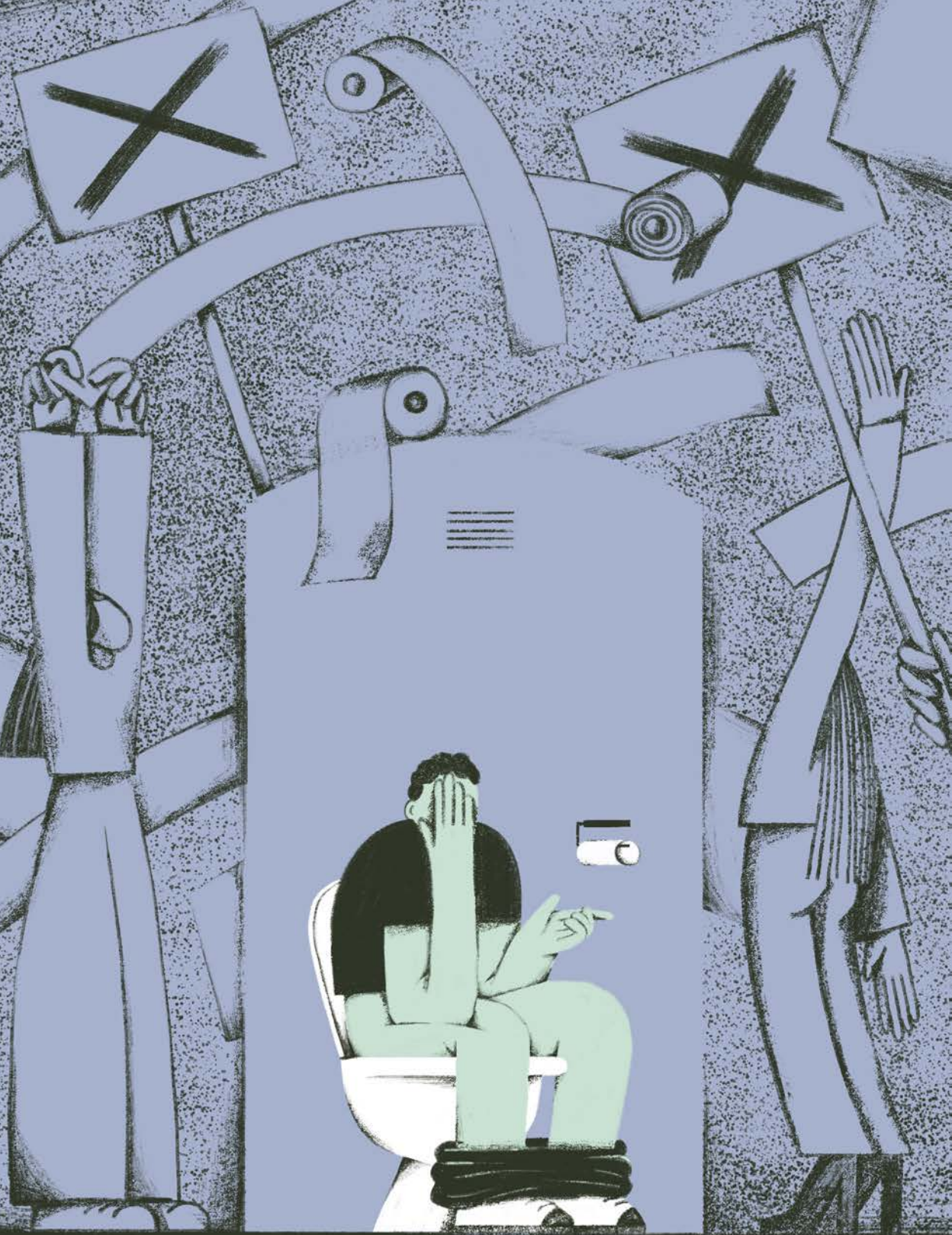
Historically, disorder tends to be the norm; periods of relative order are usually just interludes. Parts of the 20th and early 21st centuries took us away from that reality. The energy transition itself – which if successful is much better described as an energy “revolution” – implies enormous upheaval. It effectively involves rebuilding the energy foundations of our material civilisation. There is no economic activity without the deployment of some kind of energy. You might say economic activity is the application of energy. We're committed to doing something that is extraordinarily transformative, and so it is difficult to foresee any real stability for many decades to come.

I'm not somebody who believes that we're on a path to a utopia where all the problems associated with fossil fuel energy are going to be eliminated definitively by another energy basis. Nor do I think it is all destined to end in utter catastrophe. Is there a path to something sufficiently transformative that also offers a more stable future – however distant? I think there could be. If you think historically, even very long periods of disorder come to an end eventually.



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A CLIMATE OF DISRUPTION

ARTICLE BY
ROBERT MAGOWAN

The upheaval that was forecast as the inevitable consequence of our regime of accumulation is well and truly upon us. Today, it is not only our politics and institutions that seem to be unravelling, but every aspect of our daily lives. How can we exist in an age of multiple escalating forms of disruption? Can we envisage ways to work with and through that disruption, advancing freedom just as it seems most under threat?

How does life *feel* right now? Disruption, defined as “a rending asunder, a bursting apart, forcible separation into parts”, seems a theme. Taking the broad brush to an era in this way allows us to sweep up all manner of movement and emotions, capturing them into what Welsh cultural critic Raymond Williams called a structure of feeling: “the culture of a period ... the particular living result”.¹ These structures have the power to accent historical development, quietly define how it is understood and, to some extent, direct it.

Writing back in 1983, Williams described “a much less confident and much more unexpected world”, one scarred by the turbulence of the 1970s and the existential threat social movements posed to the capitalist order of Fordism. As the “age of uncertainty”, this generalised unease would prove fertile ground for market fundamentalists to shock national economies into a new, globalised order.

Third Way neoliberalism, in contrast, emerges as the cock of the walk – slick, dynamic, loose, and liquid. Its proponents ascended to face the turn of the millennium with the compromise of the century and a

¹ Raymond Williams (1998). “The Analysis of Culture”, in John Storey (ed). *Cultural Theory and Popular Culture: A Reader*. Athens: University of Georgia Press.

promise to eschew ideological friction in favour of technocratic maturity. Evolving from its original combative form to the sheeny aesthetic of the 1990s, it marked, in political economist Will Davies' phrase, "the disenchantment of politics by economics".²

From the financial crisis through to Brexit, Trump, and the upending of established political parties across Europe, institutional earthquakes defined the 2010s, etching out the slow degradation of neoliberalism into ... something else. But disruption perceived is not the same as disruption experienced. Post-pandemic inflation has brought more intimate enclosures – the household and the quotidian – to the fore of public debate. Protest, policy rupture, and climate impacts all now converge, impacting deeply personal prerogatives – the weekly shop, the commute, paying the bills.

THE AGE OF SHOCKS

Three disparate fronts of contemporary disruption can be identified. First, and most obvious, is the havoc caused by the rising cost of living and the energy crisis. EU inflation currently exceeds 10 per cent, and European governments have earmarked 500 billion euros in an attempt to cushion the blow of trebling energy bills. It is easy to forget that these trends

pre-date Russia's invasion of Ukraine. Their supposed temporary nature – a refrain of struggling incumbent politicians above all – is belied by a number of factors. To the extent that inflation has been driven by post-pandemic demand, this itself is a product of the expansion of markets into novel territories (so-called "zoonotic spillover") and the predictable result of "blowback from our unbalanced relationship to nature".³ Economists have made similar arguments tracing inflation back to a series of environmental shocks – from the summer drought in Europe to heatwaves, flooding, frost, and even locust plagues – all contributing to supply chain disruption and cumulatively rising prices in dispersed and unpredictable ways.⁴ Only one thing is guaranteed: as climate impacts worsen, macroeconomic instability becomes more likely, and with it the full array of micro-consequences.

Climate policies have always been quite powerfully framed as an attempt to stave off exactly these environmental shocks, and all the economic consequences that follow. But smooth pathways of transition and building resilience were rejected long ago. More radical state interventions to leave behind fossil fuels and incentivise behaviour change are now, by necessity, a second form of disruption themselves. The recent efforts of German vice-

² William Davies (2014). *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition*. London: SAGE.

³ Adam Tooze (2021). *Shutdown: How Covid Shook the World Economy*. New York: Viking.

⁴ James Meadway (2021). "Inflation, interest rates, locusts". *Progressive Economy Forum*. 20 October 2021.

PROTEST, POLICY RUPTURE,
AND CLIMATE IMPACTS
ALL NOW CONVERGE,
IMPACTING ON DEEPLY
PERSONAL PREROGATIVES

chancellor and economy
minister Robert Habeck

to wean the country off Russian gas imports – including encouraging citizens to cut their domestic consumption – have contributed to a revival of the far-right Alternative für Deutschland (AfD) and its long-standing critique of the energy transition as the ideological project of nosy environmentalism. Accusations of a “climate dictatorship” proliferate, and the AfD is whipping up concern about the prospect of a *Wutwinter* (winter of rage). Pandemic restrictions are an important precursor here, as in Spain, where far-right counterparts Vox rail against the centre-left “progressive dictatorship” and “all the freedom-killing laws”.

The threat portended by the French *gilets jaunes* in 2018-19 therefore remains considerable. In a context of inequality and prolonged inflationary pressures, and in the absence of a major programme of redistribution and reform, climate policies are liable to encounter a vociferous response. Even interventions more attuned than tax rises to systemic injustice are vulnerable to deeply charged hostility. The reallocation of road space to encourage walking and cycling, for example, has accelerated recently in major European cities – from Anne Hidalgo’s dream of a 15-minute Paris to Barcelona’s *superilles*

(recaptured intersections) and Berlin’s *Kiezblocks*.

Their social dividend makes them broadly popular, but the disruption to customary patterns of consumption drags them into a familiar, culturally infused dispute. In the United Kingdom, no amount of positive framing – “low-traffic neighbourhoods”, “people-friendly streets” – has managed to prevent a wave of apoplectic offence among a minority of opponents. Objections are characterised by a misapprehension of their number – the initiatives are, according to most polls, unbothersome to a majority – but also the transmutation of a policy of tweaked travel incentives into an authoritarian denial of rights. That is, the right to drive an internal combustion engine unhindered through a dense, congested city.⁵

Political historian Annelien De Dijn has contrasted this conception of freedom – “being able to do what you want without state interference” – with its democratic predecessor, the “liberty of the ancients”, at the core of which are self-government and the extension of collective empowerment. While no invocations of freedom carry quite the same motherlode of political entitlement on this side of the Atlantic, the devotion to such a private mode of freedom, with property rights at its core, does limit the capacity of the “big green

⁵ Redfield and Wilton Strategies (2021). “Steady Support for Low Traffic Neighbourhoods in London”. 15 March 2021.

MORE

RADICAL STATE

INTERVENTIONS

TO LEAVE BEHIND

FOSSIL FUELS ARE

NOW FORMS OF

DISRUPTION IN

THEMSELVES

state” to act. Behavioural change is estimated to play a role in two thirds of required emissions reductions to net zero.⁶ That leaves governments with no desire to interfere with customary patterns of consumption – our “imperial mode of living” – facing an impossible contradiction.⁷

A third and final form of disruption is the most calculated: the deliberate interruption of livelihoods pursued by social groups for political and economic ends. Climate activists are the most obvious actors, with growing numbers rejecting the civility of the last decade and springing forward with increasingly creative intrusions. Andreas Malm’s *How to Blow Up a Pipeline* must take some credit, launching a trenchant case for sabotage into a movement with an almost spiritual fidelity to strategic non-violence. From throwing mashed potato at a Monet in Potsdam, cementing golf course holes during a Toulouse drought, and blocking traffic in Bern, to “extinguishing” SUV tyres in Turin, ratcheting desperation characterises the current wave of activism. Others continue with legal but increasingly antagonistic activity, such as Green New Deal Rising’s haranguing of politicians in public fora, deploying “youth authenticity” in pure form, and forcing their targets, on shaky video, to “pick a side”. There is strength in this tactic’s disassociation of target from audience: most of us can identify with motorists, even fine art, but not politicians. The less popular the individual, the more comfortable the audience.

These acts remain disparate and disjointed, at least in how they are collectively perceived: as a mishmash of misguided instigators. The public reaction is often emotional ranging, from anger at the moral implications of road-blockers (that you, driver, are guilty) and deep offence to cultural and liberal sensibilities of the (practically harmless) attacks on art to the trite assertion that disruption ultimately “hinders the cause” (often a poor imitation of empathy). Online reactions show

⁶ International Energy Agency (2021). *Net Zero by 2050: A Roadmap for the Global Energy Sector*. Paris: IEA.

⁷ Ulrich Brand & Markus Wissen (2021). *The Imperial Mode of Living: Everyday Life and the Ecological Crisis of Capitalism*. London: Verso.

the extremes. Threats of unhinged violence sit alongside nihilistic promises to burn extra fuel tomorrow out of spite: “masochists masquerading as sadists”, to use writer and activist Richard Seymour’s phrase.⁸ Others, particularly bystanders, have been more supine, even oddly curious; an uneasy political consciousness playing out in real time. To the extent that the message of climate disruptors is cohering, it seems to be on the powerful injunction and resolutely populist rallying cry proposed by Davies: “Stop, you’re killing us!”

Finally, ramping up in parallel are workers’ strikes across Europe, directly responding to the cost of living crisis but willing to broaden their claims beyond sectoral industrial disputes and parliamentary politics and expand campaigning infrastructure to match. The “Enough is Enough” campaign launched by UK trade unions, for example, has a set of demands that go beyond wages to encompass food security, public housing, and wealth taxes. The movement signed up half a million supporters in its first month – a taste of the challenge it could offer, in tandem with climate activists, to a Labour Party adopting increasingly conservative positions. The turn towards industrial disputes with a political character reveals a wider strategic pivot among parts of the Left, away from Green-New-Deal populism and

towards a renewed focus on antagonism and leverage. The secretary general of the British rail workers’ union, Mick Lynch, stormed a spate of late-summer media appearances with no-nonsense refrains such as “Workers shouldn’t have to beg.” This is disruption as last-ditch democracy when all other forms of exercising political or economic agency have been constrained or exhausted. But unions also find strength in their rhetorical technique: eschewing moralism, they deal in *interests*. While climate activists do not have the same direct instrumentality, they might learn from this all the same.

POWER OF CONSUMPTION – A HOLLOW CONSOLATION

To draw attention to these recent commotions and their personal effects is not to overlook the very significant civic dislocation of the previous decade. It should not undermine the widespread and material devastation caused by the financial crisis and the orthodoxy of European austerity that followed, from the degradation of public services to the stagnation of wages, nor the very personal consequences of the pandemic. What is more novel is the imposition of current socio-economic disruption – at a society-wide level – on the very arch-entitlements that neoliberal capitalism was supposed to afford.

8 Richard Seymour (2022). *The Disenchanted Earth: Reflections on Ecosocialism & Barbarism*. London: The Indigo Press.

To understand this, we must acknowledge that as much as political analysis concerns itself with the experiences and movement of “voters”, the true primary subjectivity in contemporary society is that of the consumer. In *Hegemony Now*, political theorists Jeremy Gilbert and Alex Williams argue that the political alliance that buttressed neoliberalism was held together by a deal for “consumer consent”: in exchange for the loss of community, workplace democracy, and visions of long-term social progress, citizens were compensated by new forms of agency over leisure and lifestyle choices.⁹

One clear demonstration of this today comes in the form of popular efforts to translate major, ostensibly public, economic moments – government budgets, financial shake-ups, entire manifesto launches – into private, consumption-based questions. This is a discourse not just individualised but reduced to a matter of pure purchasing power (in French *pouvoir d’achat*, used as a stand-in for cost of living), paving the way for repeated political commitments to keep “your money in your pocket”. All other matters of power and wealth and distribution can be dismissed as ethereal, reserved to a distant public sphere. Similarly, the world of work is posited not as the site of the relation to systems of production, nor as the organisation of workers within it,¹⁰ but as the

facilitator of that banal and brutal flattening of human experience: “to get on in life”.

“Public consent to the hegemonic neoliberal programme”, Gilbert and Williams conclude, “depended on the ability of that programme to deliver a continuous expansion of the capacity of the citizenry to consume”. It also rendered individuals complicit by default, able to benefit from their relatively high status and consumption but more or less unable to escape the omnipotence of acquisitive culture as expressed in advertising, TV (now social media), and political communication. The Salvage Collective have argued the “tragedy of the worker is that, as long as she works for capitalism, she must be her own gravedigger”. The double tragedy is that we are implicated in this accumulative telos; the “Anthropocene” implies that this was all for all of us.¹¹

That capacity to consume comfortably and freely, one remnant of citizen privilege under neoliberalism, is now under serious threat from the disruptive forces of climate impacts, policy rupture, and social discord. Far-right authoritarians in Spain, Sweden, and Italy (the only EU country where wages have shrunk since the 1990s, meaning they know neoliberal rot better than most), all made hay with the theme of order in recent elections, promising variously

⁹ Jeremy Gilbert and Alex Williams (2022). *Hegemony Now: How Big Tech and Wall Street Won the World (And How We Win it Back)*. London: Verso.

¹⁰ Amelia Horgan (2021). *Lost in Work: Escaping Capitalism*. London: Pluto Press.

¹¹ The Salvage Collective (2021). *The Tragedy of the Worker*. London: Verso.

"END OF
THE WORLD,
END OF THE
MONTH" – TWO
BATTLES, ONCE
IN OPPOSITION,
ARE NOW
CONVERGING

to stop immigration, defeat the “enemies of civilisation”, increase police funding, and prevent the general corruption of “ordinary people” and traditional values. But European economies are likely to continue to discover exactly how capitalism actually works in so-called emerging markets, despite best efforts to insulate the European “garden” from the jungle that diplomats imagine surrounds it.¹²

A CATALYST FOR CHANGE

What matters, therefore, is not whether disruption occurs, as it is certain to continue. “In the 21st century, all politics are climate politics,” wrote the leading American Green New Deal-ers in 2019.¹³ The unfortunate corollary is now clear, just a few years later: all politics must also become disaster politics.¹⁴ In salvaging what we can, the crucial questions are now how this disruption is felt, for what purpose is it instigated, and whose interests are protected.

For Greens and the Left, working through this disorder means refusing to shirk this antagonism and this more divisive ecology. Established parties – both in power and opposition – can give considerable institutional cover to disruptive forces through both qualification and justification of their actions, attesting to the clear-eyed assessment of the desperate environmental and economic chaos they face, the inadequacy of alternative, more respectable tactics, and the ultimate reasonableness of their demands. If we had acted when *people said we should act*, if the system had changed when *people said it should*, we would not be where we are. Particular activities and targets can be condemned in the same breath; indeed, selectivity itself legitimises the principle of *some kinds* of deliberate disruption. As research cited by Malm and others has found, even a backlash against the protesters

12 Remarks made by the European Union's High Representative for Foreign Affairs and Security Policy Josep Borrell in a speech delivered on 13 October 2022 to the European Diplomatic Academy in Bruges, Belgium.

13 Kate Aronoff, Alyssa Battistoni, Daniel Aldana Cohen, and Thea Riofrancos (2019). *A Planet to Win: Why We Need a Green New Deal*. New York/London: Verso.

14 The Salvage Collective (2021). *The Tragedy of the Worker*. London: Verso.

does not necessarily harm the cause; a radical flank recruits activists, “seeds” the agenda and makes other actors appear more reasonable.¹⁵ Those pitched carefully (targeting upstream infrastructure and luxury emissions, factoring in class and racial analysis, and making clear allowances for vulnerable groups) can, like some surprisingly popular labour strikes, cleave public opinion in politically productive ways.

Another avenue is to emphasise the “alternative hedonism” of more utopian iterations of the Green New Deal. New modes of living to counter and adapt to disruption do not require declinism; instead we might call it reclinism. More public luxury, better leisure, and of course less work: these can be the compensatory tenets of material degrowth. Given the role of consumption-as-agency in neoliberal culture, environmental policies that also liberate and democratise carry a potent appeal. Greens need neither hegemony nor a “historic bloc” to begin to make this case; local initiatives like Barcelona’s *superilles* restore intersections not as pretty enclaves but as genuinely social and public spaces. Our crisis follows the hollowing out of democratic institutions: it follows that distributed agency and empowerment are important corollaries of economic justice, something state-centred visions of the Green New Deals held as a weakness.¹⁶

Finally, Greens should not overlook the role of civic voluntarism as a less intrusive path to behavioural change, without softening any critique of elites. As the pandemic illustrated, the sense of collective endeavour – while it could be maintained – allowed governments to rely on public adherence to constraints far beyond dominant libertarian expectations. Again, as Habeck is discovering in Germany, asking nicely is not without its political risks. But some expression of “limitarianism” will be critical to any ecosocialist programme, and under the right conditions it can privilege solidarity over enforcement.¹⁷

“End of the world, end of the month” – two battles, once in opposition, are now converging. Powerful stories are yet to be told about what got us here, why we feel as we do, and how we find our way through the wreckage.



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¹⁵ Colin Davis (2022). “Just Stop Oil: do radical protests turn the public away from a cause? Here’s the evidence”. *The Conversation*. 21 October 2022.

¹⁶ Peter Mair (2006). “Ruling the Void”. *New Left Review*, 42 (Nov/Dec 2006).

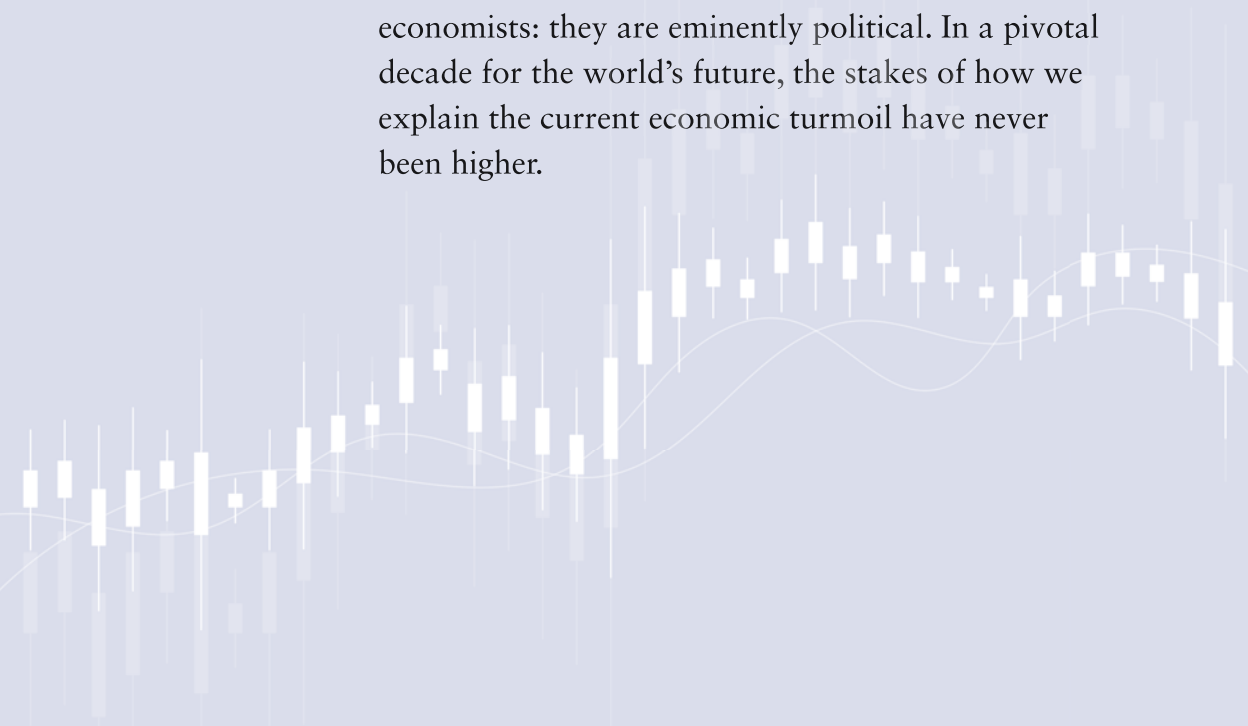
¹⁷ Giorgos Kallis (2019). *Limits: Why Malthus Was Wrong and Why Environmentalists Should Care*. Stanford: Stanford University Press.

THE INFLATION DEBATE

The return of inflation to European economies has prompted a furious debate over its causes. The energy crisis and the war in Ukraine worsened the situation, but everyone agrees that they do not explain everything. So why are prices rising, and what should we do about them?

Was it all that money printed by central banks over the past 10 years? Or is it the fault of the pandemic? As some worry, are wages getting out of control? Thinking longer term, what if Europe genuinely is at the end of an era? Does the EU need to learn to live without the rest of the world's labour and resources?

These questions are not just technical matters for economists: they are eminently political. In a pivotal decade for the world's future, the stakes of how we explain the current economic turmoil have never been higher.



SQUEEZING WAGES IS NOT THE ANSWER

The idea that wage increases will push up prices is a common inflation fear. But rather than a “wage-price spiral”, it is Europe’s vulnerability to global shocks that is the key factor in inflation and its low wages that exacerbate the cost of living crisis.

Inflation is high. The United States published an annual rate of 8 per cent in August 2022, while the Eurozone saw an average of 10 per cent in September. The European average masks significant differences between member states. France’s 6.2 per cent rate is the lowest in the Eurozone, while inflation in the Baltic countries topped 20 per cent.¹ In response, the US Federal Reserve and the European Central Bank are raising interest rates, accepting a rise in unemployment as the cost of pushing inflation down.

High inflation reduces purchasing power when incomes do not rise in step with prices. Understanding the mechanisms at work is essential to calibrating the response; the return of inflation has not eliminated the need for a green transition, public services, and reduced inequalities.

The inflationary “threat” is a favourite bogeyman of conservative and neoliberal economists. Quick to be moved by inflation, for them it is above all a question of defending savers and wealth and preparing the ground for austerity policies. But this vision fails to identify the actual reasons behind price rises.

It was not wage growth that caused the current level of inflation but rather excessive dependence on globalisation. Pandemic-related disruptions to global supply chains, the energy crisis intensified by the Ukraine war, massive speculation, and rising shipping costs have produced drastic cost increases for many companies. Retail price rises show that these costs are being passed on to consumers, allowing companies to maintain or even increase their profit margins. When profit shares increase, the wage share falls automatically. For the Eurozone, Eurostat estimates that this will drop from 57.6 per cent of GDP in 2020 to 54.9 per cent in 2023, the lowest level since the launch of the euro.² To prevent nominal wages from rising in the name of the fight against inflation is to accept and encourage this trend.

Declining wage shares are underpinned by a series of factors: restrictive European economic policy, declining trade union coverage, the effects of international competition on labour markets (weaker labour

¹ See Eurostat’s *Adjusted consumer price index* series.

² See Eurostat’s *Adjusted wage share* series.

law, higher unemployment, short-term contracts), and the dominance of large corporations in certain sectors.

In such a context, raising interest rates to fight inflation risks inflicting economic damage, reducing economic activity, and increasing unemployment. A terrible recession would be needed to bring inflation down. Admittedly, governments are adopting emergency measures to cushion the rising cost of living. But this support is insufficient for the most vulnerable. Often it benefits everyone without reducing inequalities nor encouraging changes in behaviour (as seen with fuel subsidies). Furthermore, these subsidy policies will not last: calls for budgetary rigour will get the better of exceptional measures.

Alternatives are necessary. Rather than blindly attacking inflation with restrictive monetary policy, we must rethink the hierarchy of economic policy objectives. The current cost of living crisis, which follows on the heels of the health crisis that underlined the importance of frontline workers, points to the need to rebalance the wage structure. For inflation cannot be understood without analysing the balance of power between workers and employers. When the scales are tipped against workers, wages receive less of the valued added relative to the return on capital. This is precisely what has happened in Europe since the 1980s.

The harmful effects of inflation on real wages can thus be counteracted through indexation – a mechanism used by many European countries in the past. Indexation will be all the more essential if inflation persists, especially considering that the wage share has been shrinking for years. Large companies, especially in the transport and energy sectors, have been well positioned to benefit from current inflation. As such, price controls should be considered where and for as long as necessary and excess profits such be heavily taxed.

Going forward, European economies need to be made less vulnerable to global shocks, the real drivers of inflation. This goal calls for reduced dependence on imports – in particular energy – and greater investment in transport, renovation, and agriculture, as well as supportive trade policies. The fight against inflation goes hand in hand with the green transition. Squeezing wages is not the answer. ■



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THE COST OF NOT LIVING IN EUROPE

Despite the rising cost of living, most of us in the European Union lead privileged lives. Outside the EU's borders, hundreds of millions of people toil for our prosperity and even fight for our democracy. If you take to the streets to protest against price hikes and job losses, be careful not to throw these people under the bus.

Some 200 million people in the Global South work long hours to produce raw materials, goods, and services for EU households. That is one poorly paid worker for every working person in the EU. It is no wonder that we would need three Earths if all of the inhabitants of our planet were to live like the average EU consumer. Whether through droughts and floods caused by climate change or the deforestation driven by the need to grow feed for our oversized livestock, the ecological impacts of this lifestyle are principally suffered by people in the Global South.

Russia's invasion of Ukraine and the (justified) sanctions against the aggressor spell more trouble for the Global South. Western countries are grabbing fuel, food, and fertiliser from anywhere but Russia to keep their economies afloat. Meanwhile, developing countries are missing out, and poverty and famine are rising.

Living in the European Union could seem close to idyllic were others not paying the price for our way of life. Our ever-closer union, rule of law, (transnational) democracy, and welfare states may be far from perfect, but they are examples globally. For many outside the EU, they are sources of envy. Europeans can be proud of these achievements. They need to be defended against enemies from within and without, if only because the transition to a non-extractivist economy that respects planetary boundaries must be made democratically and cooperatively.

The defence of European democracy today lies in the hands of brave Ukrainians. From Lviv to Mariupol, hundreds of thousands of men and women have left their families and normal lives to fight the invader. They are not only defending their nation against Putin's delusions of empire, they are also protecting the international rule of law against "might is right" and democratic values against autocracy and kleptocracy. Though it will be years before Ukraine can join the European Union, today Ukrainians are paying a high price for defending European values.

The EU is supporting Ukraine with arms, money, and sanctions against Russia. It is quickly weaning itself off Russian energy. Energy prices have surged as a result, driving up inflation and forcing some businesses

to close. The higher cost of living and potential job losses may well erode public support for helping Ukraine and sanctioning Russia. However, persistence is key to defeating Putin.

It is therefore crucial for governments to help and compensate the vulnerable while demanding sacrifices from better-off citizens. The proclamation of the “end of abundance” by French president Emmanuel Macron was a fair appraisal of the “polycrisis” that we face, from ecology to geopolitics. Yet unless that message is accompanied by strong redistributive policies, it spells doom for the many Europeans who never enjoyed their share of that abundance. When you have to choose between heating and eating, revolt is understandable.

With governments struggling to respond to growing poverty as energy bills rise and job losses mount, protests are likely to spread (especially as some are unwilling to tax the rich). But however angry we may be with our governments, Europeans still owe their solidarity to the people and places that are toiling and fighting for us.

Take the example of a porcelain factory in central Europe that will have to close if gas prices remain sky-high. Tragically, a hundred people may lose their jobs. You might feel inclined to join the workers’ protest. However, if the European Union were to import enough liquefied natural gas (LNG) to guarantee the survival of all its industries, the lights would go out in poorer countries that depend on imported gas for electricity. The soaring price of LNG due to high European demand has caused power outages in Bangladesh. As harsh as it will sound to the porcelain workers, people can get by without new china more easily than they can without electricity.

Every protest against the cost of living crisis in the EU is followed with great interest in the Kremlin. Putin’s gas weapon is a tool to divide the European Union and weaken its support for Ukraine. What little hope Putin still has of keeping control of occupied Ukrainian territory is likely to be sustained by demonstrations in European cities. Russian television is eager to report on such protests as signs that Europe is begging for Russian gas once more.

As you paint your protest banner, ask yourself if the march you want to join will shorten the war or prolong the suffering of the Ukrainian people. And if you do take to the streets to denounce price surges and factory shutdowns, make sure to bring your Ukrainian flag. ■



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INVESTING IN THE GREEN TRANSITION IS THE SOLUTION TO TODAY'S ECONOMIC CRISIS

After years of loose monetary policy, central banks are changing tack. But using the levers of the financial system to fight inflation risks cutting climate investment just as we need it most.

Within a few years, central banks have shifted from worrying about the lack of inflation – and possible shift into deflation – to confronting the prospect of a stagflationary spiral. Debating whether current inflation reflects supply or demand-side pressures – or both – took centre stage at the annual meetings of the International Monetary Fund (IMF) in Washington in October 2022.

Diagnosing the sources of the shock, and understanding whether it is transitory or permanent, is critical for guiding central banks' response function. The stakes for economic growth and development could not be higher: the reality of the climate crisis and the investment opportunities of the green transition are determined by exogenous planetary boundaries, not the fiscal and monetary conditions of the day. Failing to invest now would worsen economic conditions further, risking a continuous vicious cycle of underinvestment, slow growth, and high debt.

On the sources of inflation, the demand-side camp asks central bankers to look in the mirror: years of low interest rates and quantitative easing (QE) have propped up asset prices. This accelerated during the pandemic, when central banks abandoned their first steps towards normalisation to support the economy with fresh QE. Central bank balance sheets have more than quadrupled since 2008, standing at over 30 trillion US dollars in 2022. Pandemic-related QE alone was several times that of the 2009-11 period that followed the financial crisis.

Whether monetary policy has contributed to the surge in inflation is a somewhat different question to whether central banks are to blame. Central banks point to government inaction as the driver of their own actions – particularly the reluctance of governments to push ahead with structural reforms and take advantage of low borrowing costs to make much-needed investments.

Pushed into a corner and constrained by their price stability mandate, central banks had little choice but to become “the only game in town”, attracting criticism for taking on what should have been the task of elected politicians. They did so uncomfortably. Time and again, they called on governments to support the recovery and drew attention to the limits of what monetary policy could achieve. Some went even further, cautioning against the risks of creating a government bond



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bubble, or warning that they may come to regret their efforts to create inflation.

Governments' eventual turn to fiscal expansion during the pandemic contributed further to the surge in inflation. Innovative support packages to save lives and livelihoods came with the risk of generating excess liquidity and causing generalised price increases.

The supply-side implications of the pandemic and related deglobalisation are inflationary in several ways. First, there are the obvious difficulties in global supply chains and container ships, including disruptions in the trade of chips and other critical high-tech inputs. At the same time, the pandemic has reset people's preferences regarding work, with many people refusing to re-join the post-pandemic labour market. Added to that, years of misguided energy policy and failing to diversify energy supply made key parts of the global economy vulnerable. Europe's accelerated inflation is a result of inelastic demand for natural gas.

If unaddressed, climate change could create further inflationary pressures. If today's "fossilflation" reflects the legacy cost of fossil fuel dependence, central bankers have also warned of future "climateflation" (as the greater frequency, intensity, and geographic spread of climate-related extreme events disrupts economic activity and agriculture) as well as "greenflation" (a higher risk in a disorderly transition scenario where the supply of critical inputs fails to meet demand).

As remarked by former Fed chair Paul Volcker in 2013, "the challenge you face in running a low-interest-rate policy is when to end it. The easy part is easing; the hard part is tightening." Raise too soon, and you may cause a recession. Raise too late, and you risk further entrenching inflation. The IMF's advice to central banks was to err on the side of overtightening, despite admitting that the

latter may "risk pushing the global economy into an unnecessarily harsh recession". According to its chief economist Pierre-Olivier Gourinchas, "the hard-won credibility of central banks would be gravely undermined if they misjudge, yet again, the stubborn persistence of inflation" as this "would prove much more detrimental to future macroeconomic stability".

A policy-induced recession would significantly damage the prospects of moving ahead with the investments to address the climate crisis. While there is a wide set of measures that central banks and financial supervisors and regulators can take to align the financial system with net zero, there are limits to how effectively the financial system lever can drive change in the real economy.

What is needed is a strong investment push to make a breakthrough on both climate and development goals, particularly in emerging markets and developing economies. The next decade will be critical, and the time to determine that course of action is now. Against a backdrop of worsening monetary and financial conditions, the catastrophic consequences of an "unnecessarily hard recession caused by overtightening" should not be underestimated. This is not only an economic priority, but also a security one. As German finance minister Christian Lindner put it, renewables offer "freedom energy" that reduces supply chain vulnerabilities. As the cost of such sources continues to decrease, such a shift would also be expected to be deflationary.

The case for investment remains far superior to that of inaction. Given climate boundaries, a high-quality investment push is the best – indeed the only – route to sustainable growth and development. Without it, we risk an even more limited policy space, making the choices for central banks even trickier. ■

European Fiscal Rules for a New Era

Europeans' vulnerability to the skyrocketing cost of living cannot be separated from EU rules restricting government investment in public goods. As living standards stagnate while debt levels continue to grow, a new approach to government spending is needed. A key battleground ahead of the European elections, the EU's fiscal rules should prioritise wellbeing, education, and a green future over deficits and debt levels.

Limiting public debt has been a key element of the EU's Economic and Monetary Union since its inception. The so-called Maastricht criteria require member states to maintain budget deficits and public debt below 3 and 60 per cent of GDP respectively. After the 2008 financial crisis, the EU developed these "fiscal rules" further, making debt sustainability central to how members were expected to run their economies. This political obsession with debt reduction has permanently lowered incomes and undermined investment in environmental and climate protection. Its legacy has been to leave people across Europe more vulnerable to cost of living increases.

The last few years have exposed the unsuitability of the current fiscal framework

to an era of crises. The rules around government borrowing were first suspended in 2020 in response to the economic fallout of the pandemic. This was repeated in 2021 and again in 2022 following the Russian invasion of Ukraine. The current period of flexibility is expected to come to an end in 2024.

Amid the Covid-19 crisis, the European Commission was also authorised to borrow from financial markets for the first time to fund its response.

Rather than relying on ad hoc responses to each new crisis, what Europe needs beyond 2024 is a long-term approach that is fit for purpose. National governments should be empowered to invest in public services such as health and education and in cutting carbon emissions. For its part, the European Commission should also be equipped to support national spending.

In November 2022, the Commission proposed new rules on government borrowing levels and debt reduction timetables. This proposal acknowledges the increase in debt levels due to the pandemic, the war in Ukraine, and ecological breakdown and sketches a system that would allow member states to plan investments via a Commission-



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monitored process. Under the proposal, member states would have greater ownership over debt reduction plans instead of being subject to a one-size-fits-all rule to bring down spending. Nevertheless, the main priority remains low debt rather than building an economy that works for all. This represents a missed opportunity to propose permanent borrowing at the EU level to reduce costs for less economically strong member states and complement national spending.

THE FISCAL STRAITJACKET

Designed to reduce member-state debt, the EU's fiscal rules have failed on their own terms. In the years following the global financial crisis, government spending was choked off. As a result, demand fell, and economic output declined. The permanent economic scarring this caused reduced household incomes and led to job losses, particularly for people on the lowest incomes. The European countries that pursued greater austerity and cuts to public expenditure also had higher, rather than lower, debt levels. The political focus on reducing public debt was therefore ultimately counterproductive.¹

Member states are required to keep their public debt below 60 per cent of GDP. But this debt-to-GDP ratio says little about a country's economic strength or its people's well being. Looking at high-income nations globally, Japan's debt-to-GDP ratio has been over 200 per cent for well over a decade without any hint of default.² Similarly, the US debt-to-GDP ratio reached 135 per cent during the pandemic.³

Implementing harmful austerity policies based on such arbitrary targets is fiscally irresponsible. Results of a recent empirical study conducted by economist Philipp Heimberger suggest that higher debt-to-GDP ratios in high-income nations do not significantly impact economic growth.⁴ The same study found that increased borrowing in situations such as the pandemic does not act as a "drag on growth" going forward. Instead, reductions in spending and investment, particularly in periods of recession and economic weakness, cause lasting damage to the productive capacity of the economy.

1 Antonio Fatás and Lawrence H. Summers (2018). "The permanent effects of fiscal consolidations". *Journal of International Economics*, 112, pp. 238-250.

2 Aaron O'Neill (2022). "National debt in relation to gross domestic product (GDP) in Japan 2017-2027." *Statista.com*, 22 June 2022.

3 Kimberly Amadeo (2022). "U.S. National Debt by Year". *The Balance*, 4 October 2022.

4 Philipp Heimberger (2022). "Do higher public debt ratios really reduce economic growth?". *The Vienna Institute for International Economic Studies*, 18 January 2022.

An overhauled economic framework should work towards an economy that ties green and social infrastructure spending to achieving full employment. The aim should be to create well-paid jobs while kicking our addiction to fossil fuels and limiting energy and resource use. Even as interest rates rise, spending is essential to tackle ecological breakdown and sidestep the need for huge crisis interventions down the line. Human, economic, and environmental well-being should be the primary objectives of EU economic policy.

This is not to say that debt levels are unimportant, or that all borrowing is good. The financial instability caused by increasing debt to finance tax cuts benefitting the richest in Britain is a clear demonstration of why unproductive borrowing should be restricted.

THE CONSEQUENCES OF FALLING SHORT

A decade of austerity economics has dragged down living standards across the continent. Cuts to public services, health, and education budgets as well as the privatisation of critical health and care infrastructure had the most severe impact on the poorest among us. By the time the pandemic struck, the real disposable annual income of the average EU citizen was nearly 3000 euros lower than if incomes had continued to grow at their pre-financial crisis rate. Behind this average lie significant differences between EU member states. In Germany, the average income in 2020 only dropped by 1 per cent compared to pre-2008 trends, while incomes in Finland and the Netherlands were 15 to 16 per cent lower. Ireland and Spain were hardest hit with average incomes dropping lower than projected by 29 and 25 per cent respectively. Reduced government spending went hand in hand with stagnating incomes. Cutting back on workers' rights led to an increase in precarious and underpaid labour.⁵

Prior to the pandemic, the EU had an estimated social infrastructure investment gap of at least 142 billion euros per year.⁶ This has only grown. Had investment in social services followed its pre-crisis trajectory, EU governments would now be spending an additional 1000 euros per person compared

5 Dragos Adascalitei & Jason Heyes (2021). "Labour markets in post-crisis Europe: liberalisation, deregulation, precarisation", in Bent Greve (ed.). *Handbook on Austerity, Populism and the Welfare State*. Cheltenham: Edward Elgar.

6 Ioannis Zachariadis (2018). "Investment in infrastructure in the EU: Gaps, challenges, and opportunities". Briefing (PE 628.245 – October 2018). Brussels: European Parliamentary Research Service.

to what they were spending in 2019. Between 2000 and 2009, real public spending on the social sectors increased at an average of 2.4 per cent per year. For the decade that followed, the annual increase fell by two thirds to 0.8 per cent, causing European societies to forgo the positive impacts on economic output, private investment levels, and unemployment that accompany higher social spending. This public service underfunding and privatisation have undermined Europeans' resilience, including against the Covid-19 pandemic.

The International Monetary Fund recently estimated that the surge in energy prices will raise the cost of living for European families by an average of 7 per cent in 2022.⁷ While some of this will be offset by recent EU and national measures to limit inflation, long-term targeted government spending is necessary to guarantee a good quality of life for everyone in Europe.

The EU's concerns about debt obscure the much greater climate, environmental, and socio-economic challenges

that Europe is facing. As the damage inflicted by global warming will be impossible to reverse, pre-emptive investments are needed to limit the worst effects. Without fiscal policy reforms, it will be near impossible to cut emissions sufficiently.

In 2019, the European Commission estimated that Europe needs an extra 490 billion euros per year in investment to keep our environment healthy.⁸ Other estimates suggest annual

SHIFTING LINES

Economic downturns breed distrust in politics, which fuels support for extremist parties. Across Europe, the backlash against austerity led to a significant increase in extremist parties, lower voter turnout, and greater political fragmentation. How can we avoid a repeat of this in the years to come?

During the Eurozone crisis, southern European countries were hardest hit by debt crises and austerity. This explains

WITHOUT FISCAL POLICY REFORMS, IT WILL BE NEAR IMPOSSIBLE TO CUT EMISSIONS SUFFICIENTLY

investments of up to 855 billion euros (excluding transport) in the EU27 could be required to tackle climate breakdown alone.⁹ The Commission's Green Deal is only set to mobilise a third of this investment from both private and public sector sources. Private investment alone will not be willing or able to cover the gap, nor will it necessarily result in investments that benefit those most in need.

the more flexible approach to government spending and deficit reduction long favoured by the French, Italian, and Spanish governments. Northern Europe, on the other hand, was less severely affected. Germany's export-driven economy even benefitted from a weak euro.

Today, however, Germany is one of the countries most exposed to energy price increases. The national

⁷ Anil Ari et al. (2022). "Surging Energy Prices in Europe in the Aftermath of the War: How to Support the Vulnerable and Speed up the Transition Away from Fossil Fuels". *IMF Working Paper* (2022/152). Washington D.C.: International Monetary Fund.

⁸ European Commission Directorate-General for Energy (2019). *Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU: Final report*. Luxembourg: Publications Office of the European Union.

⁹ Rafael Wildauer, Stuart Leitch & Jakob Kapeller (2020). "How to boost the European Green Deal's scale and ambition". *ICAE Working Paper* (no. 111, July 2020). Linz: Institute for Comprehensive Analysis of the Economy (ICAE), Johannes Kepler University Linz.

LONG-TERM
TARGETED
GOVERNMENT
SPENDING IS
NECESSARY TO
GUARANTEE
A GOOD QUALITY
OF LIFE FOR
EVERYONE
IN EUROPE

measures proposed by Germany in September to protect its industrial base triggered significant backlash from other European countries. Nevertheless, Germany remains one of the countries with most to gain from European cooperation in the current energy crisis.

The German government has long pursued low-debt economic policies. Germany was one of the main proponents of fiscal discipline within the European Monetary Union and during the Eurozone crisis.¹⁰ A debt brake (*Schuldenbremse*) is written into the German constitution, and, under the famous *schwarze Null* ("black zero") budget policy introduced following the 2008 financial crisis, the country is required to maintain a balanced federal budget with no new borrowing.

The crises of recent years have, however, resulted in a shift. During the pandemic, the German government agreed on EU debt as a short-term measure for the first time. Elected in 2021, Germany's current government now includes the Greens, who call for greater public investment and advocate a common European approach. The co-governing liberal Free Democratic Party continues to treat limits on borrowing as a red line, representing a major obstacle to deep reform of the EU's fiscal policy. This stance

is increasingly out of step with traditionally fiscally conservative but evolving public opinion in Germany. Almost two thirds (64 per cent) of respondents to a survey conducted in 2022 were concerned about a return to austerity politics and largely supported an increase in government spending on public services, as well as green investment.

The so-called "frugal four" – Austria, Denmark, the Netherlands, and Sweden – have also habitually opposed more flexibility for government spending across the Eurozone. Yet, here as well, government policy is at variance with public opinion. When asked whether the European Union had spent too much on its Covid-19 recovery fund, for instance, almost 8 in 10 voters disagreed.¹¹ The concerns that do exist tend to focus on waste and corruption linked to member states' use of the fund, rather than spending itself.

**AN OPPORTUNITY FOR
SYSTEMIC CHANGE**

Post 2008 austerity did not make Europeans healthier or happier, nor did it raise their living standards. Indeed, the obsession with narrowly conceived debt and deficit thresholds made European societies less resilient. This winter will be particularly hard for many in Europe and across the world; the same may be true for the years to come. Faced with mounting ecological and social challenges, we need states that are empowered to invest.

The debate around economic policy and in particular fiscal rules is likely to be one of the most important political topics in the run up to the European elections in 2024. Progressive parties and voices need to present a positive alternative to the failed policies of the past. Fiscal policy goes to the heart of how to deliver both climate *and* social justice. Reforming Europe's fiscal rules is an opportunity to show how economic policy can deliver for both people and planet. ■

10 Simon Bulmer (2022). "Germany, the Eurozone crisis and the Covid-19 pandemic: Failing forward or moving on?". *Comparative European Politics*, 20, pp. 166–183.

11 Susi Dennison & Pawel Zerka (2020). "The transformative five: A new role for the frugal states after the EU recovery deal". *Policy Brief (ECFR/352)*. European Council on Foreign Relations. 25 November 2020.

PRICE INCREASES

WHO IS PICKING UP THE TAB?

ARTICLE BY
CRISTINA
SUÁREZ VEGA

The war in Ukraine and the pandemic have transformed the economic landscape of Europe. Using Eurostat data, Cristina Suárez Vega looks at the demographic factors affecting Europeans' ability to deal with the fallout.

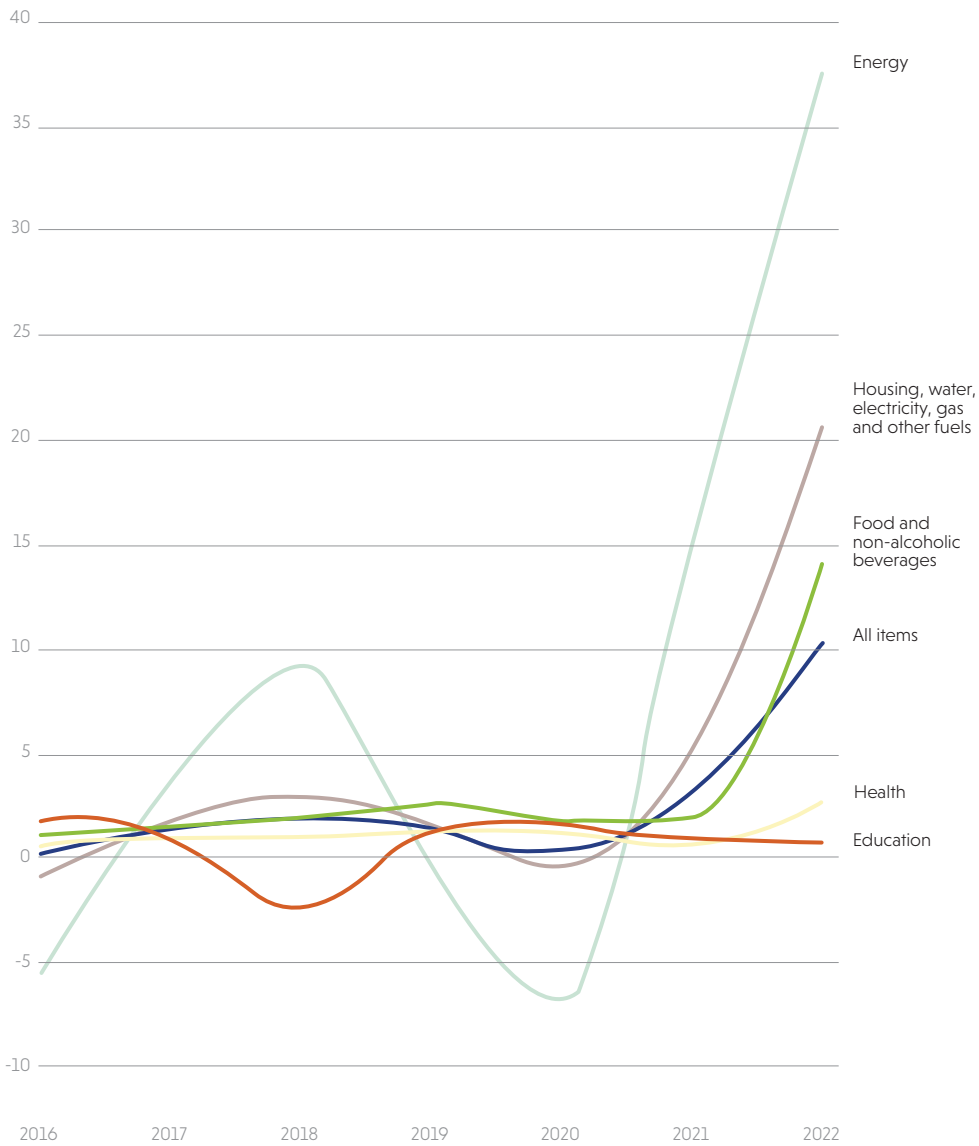
A series of historic records – that is one way to describe what has happened to the European economy in 2022, though not in a positive sense. In September 2022 inflation in the Eurozone reached 10.9 per cent, its highest rate since 1997. You can now buy far less with one euro than you could in the past. This is nothing new; any product is (almost inevitably) susceptible to upward changes in its price. What has come as a surprise to the European Union is how the cost of living has soared so quickly, jeopardising both the economic health of individuals and societies and the transition to cleaner energy.

Aside from the pandemic, there is a key factor at play here: the war in Ukraine. Economic sanctions imposed on Russia by the EU have stopped the importation of gas into Europe, which has indirectly raised the international market price of gas across the continent. As a result, energy prices grew by 37.5 per cent in August 2022. In 2021, by comparison, there was an increase of only 14 per cent for the same month. The difference is even greater if we take a closer look at different EU countries. According to Eurostat, Denmark has the highest electricity prices in the EU followed by Germany, Ireland, and Belgium, whereas Bulgaria and Hungary have the cheapest.

Eurostat has calculated the evolution of consumer prices between 2000 and 2021 to show that, on average, prices rose by 46 per cent. For life's essentials, the increase was even more pronounced. The cost of energy

Euro area annual inflation and its main components
Percentage (%) change in annual inflation, 2016-2022

SOURCE: Eurostat



WE CAN SEE A
PRECISE TURNING
POINT: MID-
2020, WHEN
THE PANDEMIC
BEGAN TO TAKE
ITS TOLL ON
THE EUROPEAN
ECONOMY

in 2021 was 111 per cent higher than in 2000. Education has become 95 per cent more expensive. Rent and utility costs rose 72 per cent. The country worst affected was Romania, with a total cost increase of 311 per cent.

Looking back over the past eight years, prices in the energy sector (crucial for the green transition), together with the cost of housing, have been the most unstable. The same is true for the price of food, although to a lesser degree. Having increased only 2 per cent in 2018, food inflation has surpassed 14 per cent in 2022. If we look closely at the graph above, we can see a precise turning point: mid-2020, when the pandemic began to take its toll on the European economy.

Of course, the pandemic did not have the same effect on all countries. Given the diversity of socio-economic situations in Europe, it is unsurprising that the associated price changes have varied greatly across borders. Energy costs – which rose far more steeply than those in other sectors,¹ aggravated by the war in Ukraine and extreme climate events – increased by 133 per cent in Turkey (although the country's economic instability has driven prices up past 30 per cent in all sectors), 100 per cent in Estonia, and 88 per cent in the Netherlands between 2021 and 2022.

¹ Except for Malta, which experienced a 0 per cent increase. This may be due to a calculation error.

**THE PERCENTAGE
OF WOMEN AT
RISK OF POVERTY
IS GREATER THAN
THAT OF MEN**

YOUNG WOMEN LOSE OUT

If prices rise and incomes do not follow suit, the result is an increase in poverty levels. But the risk of poverty is not the same across all demographic groups. As demonstrated by the graphs on page 50, poverty in the EU is gendered, and it is women who are most affected. Except for people below the age of 18, the percentage of women at risk of poverty – defined as those whose income falls below the poverty risk threshold, set at 60 per cent of the average national income – is greater than that of men. This was the case before the pandemic, and it still holds today. For men between the ages of 25 and 29, the risk of poverty has grown by more percentage points than for women of the same age, but the actual at-risk percentages for poverty remain higher for women.

The greatest difference between the at-risk rates for poverty for men and women can be seen in the 65-and-over age group. Overall, this age group's poverty risk increased only slightly between 2019 and 2021. However, the gap between women (22 per cent) and men (16 per cent) stands out as particularly large. The gender pay gap and a greater amount of time dedicated to care work and their effects on pensions entitlements are some of the key factors responsible for this discrepancy.

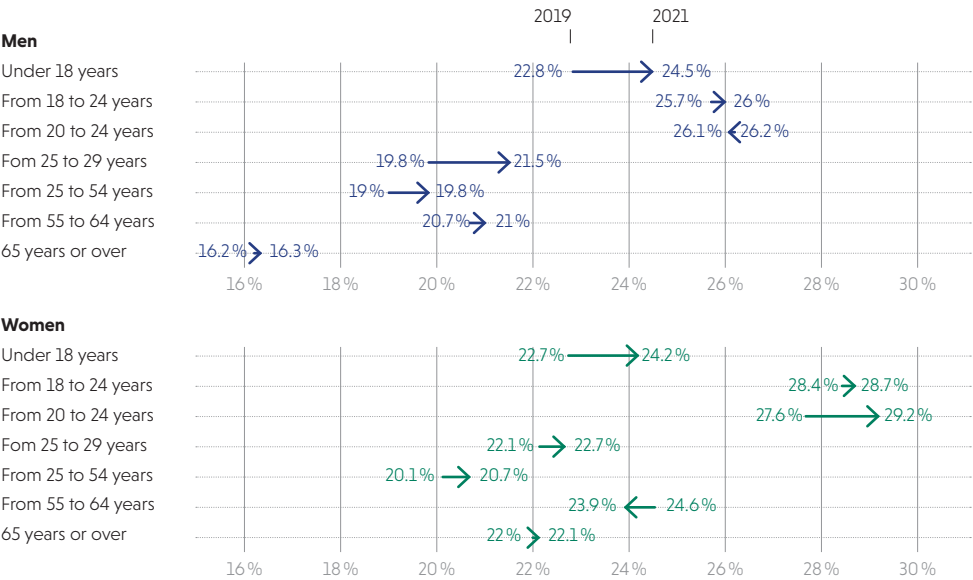
Price changes & their main components

Differences in price (%) for each consumption area in every country, 2021-2022

SOURCE: Eurostat

	Energy	Education	Health	Housing, water, electricity, gas and other fuels	Food and non-alcoholic beverages
Belgium	55.3 %	1 %	2.2 %	31.2 %	10.3 %
Bulgaria	32 %	7.1 %	2.4 %	25.5 %	24.1 %
Czechia	36.8 %	2.2 %	9.1 %	25.2 %	19.9 %
Denmark	40.8 %	2.6 %	2.2 %	6 %	15.9 %
Germany	35.8 %	1.9 %	1.6 %	16.2 %	15.5 %
Estonia	100.1 %	2.6 %	7.5 %	84.7 %	21.8 %
Ireland	39.9 %	-0.8 %	1 %	24.4 %	8.7 %
Greece	50.4 %	0.9 %	2.7 %	33.4 %	13 %
Spain	37 %	1.2 %	1.1 %	24.5 %	13.8 %
France	23.3 %	2.5 %	0.2 %	9.3 %	8.4 %
Croatia	19.3 %	0.7 %	2.5 %	14.4 %	18.8 %
Italy	45.4 %	-0.5 %	1.1 %	31.6 %	10.7 %
Cyprus	40.6 %	0.6 %	0.7 %	30 %	5 %
Latvia	67 %	-0.1 %	7.8 %	52.1 %	25.9 %
Lithuania	65.9 %	9.3 %	7.6 %	56.8 %	29.8 %
Luxembourg	32.6 %	0.9 %	3.9 %	8.5 %	8.1 %
Hungary	27.3 %	6.2 %	7.9 %	29.8 %	33.1 %
Malta	0 %	4.5 %	2.7 %	9.2 %	11.3 %
Netherlands	88.4 %	-45.2 %	2 %	45.3 %	13 %
Austria	40.2 %	2.5 %	2.3 %	15 %	13.1 %
Poland	33.5 %	5.7 %	7.5 %	26.8 %	16.5 %
Portugal	24.1 %	1.2 %	-3.5 %	14.9 %	15.4 %
Romania	34.6 %	5.9 %	6.1 %	25.4 %	19.1 %
Slovenia	36.6 %	0.4 %	5.5 %	28.2 %	13.8 %
Slovakia	19.3 %	4.5 %	4.9 %	14.1 %	21 %
Finland	29.9 %	1.2 %	0.2 %	10.6 %	12.5 %
Sweden	37.8 %	2.4 %	3.7 %	17.5 %	14.3 %
Iceland	23.6 %	3.3 %	2.6 %	6.3 %	8.8 %
Norway	26.1 %	2 %	2.7 %	11.8 %	10.3 %
Switzerland	27.9 %	0.3 %	-0.3 %	5.3 %	2.4 %
North Macedonia	26.6 %	0.3 %	5.8 %	18.2 %	22.5 %
Serbia	16.6 %	1.1 %	7.2 %	13 %	20.3 %
Turkey	133 %	34.4 %	58.4 %	71.9 %	90 %

Persons at risk of poverty before and after the pandemic
Percentage (%) of persons at risk of poverty in 2019 and 2021, per sex and age
SOURCE: Eurostat



In terms of age, the risk of poverty is highest among young people. The group with the greatest percentage of people at risk of poverty in 2021 was those between the ages of 18 and 29, comprising 33.7 million men and women in total. Responsible factors include poorer working conditions and lower salaries than previous generations, who were able to build a larger financial cushion during previous, more economically robust periods.

Economic fluctuations do not affect all income groups equally; the lower a person’s income, the less able they are to deal with inflation. This means that ultimately it is women and young people – and especially young women, who find themselves at the intersection – who are likely to be most severely affected by the current cost of living crisis. ■



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PROSPERITY FOR THE MANY

ARTICLE BY
**MANUEL GABARRE
DE SUS**

House prices and rental costs are increasingly out of reach for many residents of European cities. While this problem has been growing for decades, the increased commodification of housing since 2008 has worsened the situation markedly. But if political commitment can be secured for the long haul, green social housing designed and accessible for all can make the right to housing a reality.

It is over 10 years since an unsustainable housing sector triggered the global financial crisis. Yet despite the damage done, housing continues to be treated as a commodity. Hedge funds, tourist platforms, and corporate landlords are more present than ever in European cities. The result is that European rents have increased by 16 per cent and housing prices by 42 per cent since 2010.¹

The notion that house prices are determined by the laws of supply and demand is deeply rooted. Nevertheless, it is a misconception. In the long run, governments shape the contours of the housing system in any given jurisdiction. The tax system, urban planning, social housing policy, tenants' rights, and financial regulation are all matters of policy, and together they determine the supply and demand of housing and thus housing conditions for residents.

This explains why housing conditions in cities that are otherwise similar in economic and cultural terms can differ greatly. Vienna is one of the fastest-growing capitals in Europe. Nonetheless, average monthly

¹ See Eurostat *House price index* and *Harmonised indices of consumer prices series*.

IN THE LONG RUN,
GOVERNMENTS
SHAPE THE
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ANY GIVEN
JURISDICTION

rents (bills included) in the city were just 8.6 euros per square metre in 2022.² Conversely, average monthly rents in the cities of neighbouring Germany were about double: 18.90 in Munich, 15.90 in Hamburg and Frankfurt, and 14.30 in Berlin.

The Austrian and German housing landscapes are broadly similar. The level of home ownership is relatively low – 55 per cent in Austria and 51 per cent in Germany – and banks are strict about mortgage lending. In their capitals, homeownership rates are even lower, representing 21 per cent of total housing in Vienna and 17 per cent in Berlin, according to official statistics. In both countries, the authorities tightly regulate the rental market. As a general rule, tenants receive a rental agreement of unlimited duration, and both countries limit the amount by which landlords can raise rents between tenancies.

Despite these similarities, over 10 per cent of German households are overburdened by housing costs, spending more than 40 per cent of their total disposable household income on housing.³ In Austria, it is just 6.1 per cent. These figures do not include mortgage repayments for owner-occupied houses, as Eurostat (highly questionably) considers mortgage repayments as investments.

If calculated using the methodology employed by the German Federal Statistical Office (Destatis), the German housing cost overburden rate was an even-higher 13.9 per cent in 2019, compared to 7 per cent in Austria.⁴ The pandemic greatly worsened the situation. In 2020, 20 per cent of German households were overburdened – a rate two times higher than the EU average and around three times Austria's. How can these differences be explained?

2 Miroslav Linhart et al (2022). *Property Index: Overview of European Residential Markets*. 11th edition, August 2022. Prague: Deloitte Czech Republic.

3 See Eurostat *Housing cost overburden rate series*.

4 Federal Statistical Office (2022). "14% of the population affected by excessive housing costs in 2019". *Press release* (No. 428, 29 October 2020).

PUBLIC HOUSING MAKES THE DIFFERENCE

In the years following the Second World War, Western democracies developed vast social and public housing programmes to fulfil the right to housing, and housing became a pillar of the post-war European welfare state.

In the United Kingdom, under the vision of Aneurin Bevan (Minister of Health from 1945 to 1951), council housing was to be built to satisfy the needs of a wide spectrum of society. The British government eventually built 5 million homes between 1946 and 1979. By 1977, public housing made up 32 per cent of England's housing stock, a proportion that matched the Labour Party's objective of making sure that council housing was shared among a diversity of social groups.

This chapter ended with the election of Margaret Thatcher in 1979 and the introduction of the Housing Act one year later. The neoliberal era went on to drastically change the housing landscape, with housing gradually becoming a market asset in many countries. In 1980, the newly elected Conservative government introduced Right to Buy, a policy that allowed council tenants to buy their homes at a generous discount. As a result, the public sector sold 2.6 million council houses. The privatisation of public housing was one of the defining policies

of the Thatcher era. More than a simple housing reform, Right to Buy changed the British social fabric, turning many traditionally Labour-voting tenants into Conservative homeowners. In Thatcher's own words, it paved the way for a "property-owning democracy". House prices are now three times less affordable in the United Kingdom compared to the 1970s.⁵

FROM PRIVATISATION TO EXPROPRIATION IN BERLIN

In the years after reunification, Germany followed in Thatcher's footsteps. Up to 1989, housing companies had non-profit status in Germany (including West Germany). But over the 1990s and 2000s, the government privatised most public housing. Municipalities transferred extensive public housing assets to private market-oriented investors, changing the German housing landscape forever.

As a result of privatisation, social housing today makes up only about 3 per cent of Germany's housing stock.⁶ The origins of its largest corporate landlords were the public housing of the German Democratic Republic (DDR) and the housing assets of West German public corporations. Three million homes that had been owned by the DDR were privatised in the 1990s. Today Europe's largest private landlord, Bochum-based Vonovia, owns around 400,000 German homes.

⁵ Bank of England (2020). "How does the housing market affect the economy?". 18 March 2020.

⁶ Housing Europe (2022). *The State of Housing in the EU 2021*. Brussels.

Its portfolio was based on the privatised housing assets of Germany's public railway corporation and the country's public energy company. These portfolios were bought by US private equity firm Fortress in 2004 through a company that went on to form Vonovia.

In 2004, the state of Berlin sold 60,000 homes to Cerberus Capital Management and Goldman Sachs. These homes were the source of corporate landlord Deutsche Wohnen, which recently merged with Vonovia. This privatisation of public stock created social opposition in the long run. In autumn 2021, 59 per cent of Berliners voted in a referendum to expropriate around 240,000 homes from large landlords. The referendum, the official title of which was "Expropriate Deutsche Wohnen & Co.", was unambiguous about its target. Despite the result, little has happened since. The state government appears reluctant to pursue the expropriations, and is not obliged to do so as the referendum was advisory and therefore non-binding. Berlin had also adopted a temporary rent cap that covered 90 per cent of apartments in the city. However, Germany's constitutional court deemed it unconstitutional. One year on from the referendum, Berliners are still waiting for solutions to soaring rents.

While the way forward remains unclear, the evidence from elsewhere is that though rent controls effectively limit increases, social housing is the key to an affordable, liveable city.

FROM RED VIENNA TO ASPERN-SEESTADT

The neoliberal offensive may have abolished the right to housing in Germany and the United Kingdom. However, the Austrian state of Vienna has never stopped developing sizeable social housing programmes, building on the famous interwar legacy of Red Vienna. This period between 1919 and 1934 saw Vienna develop extensive education, health, and housing programmes driven by the principle of social justice. Under the leadership of the Social Democratic Party of Austria (SPÖ), the city of Vienna built 66,000 public homes between 1919 and 1934. Under the maxim, "light, fresh air, and sunshine", the goal was to provide healthy and beautiful housing for all residents. The SPÖ has won every election in Vienna since the Red Vienna period.

In Vienna, the guiding principle of affordable, high-quality construction is still as pertinent now as it was a century ago. Today, the city council owns 220,000 apartments. Meanwhile, limited-profit housing associations own 185,000 flats and also built a sizeable proportion of the city's owner-occupied stock through a subsidised housing programme. Sixty-two per cent of Vienna residents live in social housing. By law, only unlimited contracts are allowed on such homes.

Despite the successes of places such as Vienna, vast public housing programmes

**SOCIAL
HOUSING
IS THE KEY TO
AN AFFORDABLE,
LIVEABLE CITY**

are still controversial for the European Commission. In 2009, the Commission ruled that the Dutch social housing model was incompatible with EU competition rules. According to this decision, social housing should only target socially disadvantaged persons. Fortunately, Vienna did not follow the Commission's prescriptions. To prevent the creation of ghettos with rundown public services, the city's public stock houses people from a wide range of social backgrounds.

Vienna's social housing sector is thus not "discount housing" destined solely for low-income households. The mission of the Wiener Gemeindebau (Municipal Housing of Vienna) is to provide affordable, high-quality dwellings for broad strata of the population. Income thresholds are designed to ensure that around 80 per cent of all Viennese households are potentially eligible for social housing.

The Austrian capital has managed to adapt its housing policy to ever-changing social conditions. In the 1980s, Vienna was a declining metropolis on the periphery of western Europe. Its development plan focused on urban renewal and the refurbishment of the city's cultural heritage. The city council renovated around 10,000 housing units a year to improve living conditions while reducing energy and heating costs.

The fall of communism shifted that picture. Vienna became a fast-growing city located at the heart of Europe. It now has 350,000 more inhabitants than in 1989. Throughout the 1990s, social housing, integration, and ecology were the pillars of the city's policies, making up a comprehensive project focused around quality of life. In a 1995 referendum, Vienna rejected the EXPO megaproject that would have put the needs of tourists over those of residents, choosing instead to develop a renewable hydroelectric project and green spaces around the city.

In 2010, the SPÖ formed a coalition with the Green Party. The Austrian Greens took responsibility for urban planning, energy, and transport. Since then, the city council has raised the rate of affordable housing

HOUSING SYSTEMS ARE THE RESULT OF POLITICAL CHOICES

construction from 3000 to 7000 homes per year to address rising demand, before increasing it further to 10,000 homes per year. Vienna spends over 570 million euros a year on subsidising, building, and maintaining public housing.⁷

The red-green city council (2010-2019) also prioritised ecological issues. During its term in office the city began to transform disused freight railway platforms and other brownfield sites into urban residential and commercial areas. Developers were required to build subsidised housing at affordable conditions and the city selected them according to quality-driven tendering. Major housing projects developed by the municipality include Nordbahnhof (10,000 homes), Nordwestbahnhof (10,000 homes), Sonnwendviertel (5,000 homes), and Aspern-Seestadt (11,500 homes).

HUMAN, LIVELY, INTIMATE, AND SECURE

Located in the 22nd district of Vienna, Aspern-Seestadt is Europe's largest urban development project. By 2030, the city will have invested 5 billion euros to convert 240 hectares of previously disused land into a sustainable residential and commercial area for 25,000 residents, with 20,000 potential workplaces. Swedish urban planner Johannes Tovatt was appointed to design the project. He declared that "our ambition has been to provide a master plan that creates streets and public spaces that are fundamentally public, human, lively, intimate and secure."⁸

Once construction is complete, 60 per cent of residents will live in subsidised housing of various types, guaranteeing a social mix. The municipality provides the land, while the subsidies go directly to housing associations. The neighbourhood is planned around a five-hectare artificial lake surrounded by a mix of housing, commercial enterprises, and

7 Michael Fitzpatrick (2017). "What could Vienna's low-cost housing policy teach the UK?". *The Guardian*. 12 December 2017.

8 Eugen Antalovsky & Jana Löw (2019). *Why Vienna Gets High Marks*. Luxembourg: European Investment Bank.

educational institutions. A jury evaluates each housing estate on the basis of architectural quality, cost, social sustainability, and ecological impact. All buildings are either low-energy or passive and are connected to the city-operated district heating system.

The area will have a functional mix of living and working spaces to improve mobility. Public transport, bikes, and pedestrians have priority. The target is 40 per cent cycling and walking, 40 per cent public transport, and 20 per cent motorised traffic. As a declaration of intent, the project's developers made a point of building the underground line first. Their vision is for the nearest public transport option to be closer than the car park wherever you are on the site.

BARCELONA AGAINST THE HOUSING SHOCK

Vienna is not just an isolated case. For Barcelona, it is a model for the housing policy of the future. Over the past five years, social movements and Barcelona city council have little by little moved to take on rising rents and transform the city. This shift represents a breakthrough for the housing system in Spain. While most western European countries were building their welfare states, Spain, Greece, and Portugal were suffering long far-right dictatorships that had

no interest in human rights. The transition to democracy in the mid-1970s occurred just as the welfare state began to wane elsewhere. As a result, these countries have low levels of social housing. In Spain, housing is first and foremost a commercial asset.

For the past decade, Spain has been suffering from a “housing shock”, a term coined by Irish researcher Rory Hearne to explain the transition between housing systems.⁹ Easy access to homeownership through over-indebtedness defined Spain's housing system from the 1960s up to the financial crisis. Since the crisis, high down payments have restricted access to mortgages. At the same time, American hedge funds including Blackstone, Lone Star, and Cerberus burst onto the Spanish housing scene, buying around 500,000 homes through either direct or indirect privatisation.¹⁰ The result was thousands of evictions and tenants overburdened with high rents.

This did not go unopposed. Grassroots movements such as the Platform Against Evictions and other tenants' unions arose to fight the unfair housing system. Ever since former housing rights activist Ada Colau became the mayor of Barcelona in 2015, the city council has been following in Vienna's footsteps. Despite its lack of legislative power and financial constraints, the city council has

9 Rory Hearne (2020). *Housing Shock: The Irish Housing Crisis and How to Solve It*. Bristol: Policy Press.

10 Manuel Gabarre de Sus (2021). “Cerberus hace la vida imposible a sus inquilinos en el sur de Madrid”. *CTX*. 6 June 2021.

intervened strongly to increase the stock of affordable housing. Its right-to-housing plan includes public development, public-private-community partnerships, acquisitions, and the temporary mobilisation of private housing to be able to reach broad strata of the population. The public housing stock grew from 7500 units in 2015 to 19,912 in June 2022.

THE LIVING TAPESTRY

Similar to Vienna and now Barcelona, France has also resisted the neoliberal housing wave. In 2000, the French government enacted a law on solidarity and urban regeneration, which requires municipalities to meet 25-per-cent targets for public housing by 2025. While this target has not been met by all municipalities, the law has nevertheless resulted in the building of 1.8 million public housing units. The share of the population living in overburdened households – where total housing costs take up more than 40 per cent of disposable income – was 4.7 per cent in 2018 and 5.5 per cent in 2019. This is the lowest in western Europe. Unlike Vienna, however, French public housing projects have often led to segregation and even ghettoisation.

Housing systems are the result of political choices. Countries such as Austria and Germany that are quite similar can have vastly different housing outcomes in terms of debt levels, ownership, affordability, and what housing

means for the design of our cities. France and Austria have both chosen to pursue the right to housing as a human right through ambitious public and social housing programmes. As the large-scale construction of quality homes takes time, housing systems like those of Vienna and France are long-term political projects. To be successful, policy cooperation at the local, national, and European levels is essential.

With its emphasis on social cohesion, Vienna comes closest to Aneurin Bevan's aspiration for social housing to reflect "the living tapestry of a mixed community". The city is consistently ranked as one of the best places to live in the world, in particular for its housing, infrastructure, and culture. Its experience is evidence that social housing improves quality of life overall, providing prosperity for the many.



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ALTERNATIVES TO A BROKEN FOOD SYSTEM

AN INTERVIEW WITH
PRISCILLA CLAEYS
& **BENOÎT BITEAU**

Military blockades, volatile weather patterns, and financial speculation are all contributing to an unprecedented food crisis. In a clear demonstration of our current state of polycrisis, a food system designed for a predictable world finds itself chaotically disrupted. The poor are the worst affected. To guarantee access to food while protecting the climate, Europe must waste no time in building a resilient food system based on agroecology.

GREEN EUROPEAN JOURNAL: Food prices have been rising since at least 2020, and the war in Ukraine has pushed them up further still. Many analysts predict that the situation will last for the medium term. What is at the root of the global food crisis?

PRISCILLA CLAEYS: The war in Ukraine revealed the fragility of our globalised food system, just as the pandemic did previously. Price increases do not affect everyone in the same way. It is countries that are structurally dependent on food imports that will be the most affected, and, within these countries, the most marginalised populations. What we are seeing with this crisis is the failure of a globalised food system that has been gradually put in place since the 1990s.

Seventy per cent of the people who suffer from chronic hunger or malnutrition live in conflict zones. Focusing on the situation in Ukraine should not make us forget all the other conflict zones: Afghanistan, the Central African Republic, Somalia, and so on. These conflicts are often linked to poor management of natural resources such as gas, water, and land. Some are actual resource conflicts. We need lasting solutions, particularly to secure lasting peace.

BENOÎT BITEAU: I would agree that the war in Ukraine has exposed the global food system's existing vulnerabilities. We had tremors at the time of Covid-19, but the crisis was less evident and less straightforward. With the war in Ukraine, one of the world's most important exporters of basic foodstuffs is affected. Countries such as Egypt, but also states across the Middle East and northern Africa, that are excessively dependent on these imports are facing the consequences.

You hear a lot of talk about solidarity in the current crisis, but we also need to be talking about speculation. Because of the situation in Ukraine, some speculators are cynically and immorally causing food prices to soar. Certain countries will not be able to foot the bill for the food supplies that they need. These countries will need solidarity in terms of financial support to help them afford food imports.

How is it that the food security of so many countries depends on Ukraine and Russia?

BENOÎT BITEAU: The creation of a globalised food market led to the specialisation of entire areas of the planet. Ukraine and Russia specialised in the production of wheat, cereals, and sunflower oil. A geopolitical problem in this region creates a seriously difficult global situation. In the past, there was diversified production across the globe, so these vulnerabilities did not exist to the same extent. We've created an awful situation through market-driven specialisation.

PRISCILLA CLAEYS: The current crisis derives from the logic of treating food as a commodity. The free trade agreements developed since the 1990s helped cement the specialisation of certain regions, which is also a dynamic with roots in the colonial era. The specialisation that we see in Ukraine is mirrored in African countries whose agricultural systems are geared towards the export of coffee, cotton, or cocoa. Food systems were previously more varied, but that diversity has been destroyed.

Around the world, movements are demanding that food be recognised as a common good or as a human right, which is already the case if we look at the UN's International Covenant on Economic, Social and Cultural Rights from 1966. The question now is how to translate this recognition, whether framed as food as a common good or as the right to food, into trade and investment policies that can build a different global food system.

This is not just a problem for other parts of the world. In 2021, 95 million people were at risk of poverty in the EU. How are prices affecting access to food in Europe?

BENOÎT BITEAU: People with the least means are the worst affected. The issue is not the availability of food; rising prices are the result of speculation as well as certain choices that have been made. In truth, there is sufficient food production to feed everyone. Think about

the fact that 57 per cent of wheat production is used to feed livestock. Another 20 per cent is used for bioethanol destined for our petrol tanks. Only 23 per cent ends up on the plates of citizens. It is artificial scarcity. With a little will and political determination, we could redirect all the food that we're using for animals and agrofuels and end this situation where the most disadvantaged, even in Europe, struggle to feed themselves.

PRISCILLA CLAEYS: The energy crisis is an added burden. Anti-poverty networks on the ground are encountering situations of real hardship. Poor households are no longer buying potatoes because they take too long to cook. Certain households are having to make really difficult choices. Food, housing, education: we're talking about human rights, but they all come out of the same squeezed budget!

BENOÎT BITEAU: There is also a link to the energy crisis because of how we produce our food. The current model of intensive agriculture is extremely dependent on synthetic substances that are direct derivatives of fossil fuels, most importantly fertilisers. Producers will find themselves producing food at a loss because they are no longer sustainable. We are moving towards a situation that resembles that in the Global South where it is the farmers who struggle most to put food on the table.

In recent years, we've seen exceptionally long and harsh droughts in many world regions: Brazil, northern China, much of Europe, and large parts of India, for example. How is the ecological crisis interacting with our food systems?

BENOÎT BITEAU: Geopolitics and climate change are two elements that can put food security under pressure. If tomorrow a given food-producing region suffers strong climate impacts then we run the risk of the same difficulties that we see with the war in Ukraine. What is truly alarming now is the recurrence of disasters. We used to talk about 100-year floods. Then we started to talk about 10-year floods. Now some regions are facing flooding and droughts every year. So agriculture is undoubtedly a victim of climate change. Yes, industrial agriculture is one of its causes, but sustainable agriculture based on agroecology is part of the solution.

PRISCILLA CLAEYS: The links between agriculture and climate are indeed numerous. Industrial agriculture is a huge contributor to emissions, the second sector after transport. At the same time, farmers will be the first affected by climate change. Faced with droughts, floods, and, some years, even a combination of the two, I think that the fact that we need to question how we farm is dawning on people.

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– B. BITEAU

Climate change is an argument for local, diversified agriculture. The solutions already exist. It has been demonstrated that native and local seeds are real tools to develop resistance against climate impacts and rebuild territorial systems. We have the methods, and these could be the source of good, well-paid jobs (which is not usually the case in agriculture), but the question is whether we can put in place the structural means to support them. There is real potential for economic and ecological development to go hand in hand in agriculture.

Does the European Union, which controls the key lever through the Common Agricultural Policy (CAP), overlook the social benefits of sustainable agriculture?

BENOÎT BITEAU: The agricultural sector could be a real job-creating sector if we changed our policies, but the Common Agricultural Policy is completely missing its date with history. There are plenty of people looking for work and indeed people who would like to return to the land. But the guidelines for how the European funds will be spent are not directed towards resilient agriculture that creates jobs and pays its workforce at the same time as developing agroecological solutions and the cultivation of local strains. As long as EU funding is committed to an entirely different model of agriculture, we'll move further away from the real solutions.

The CAP should be dedicated to creating the conditions for these aspirations to materialise. It is a third of the EU budget and the EU's largest programme and yet it's completely off the mark on agricultural development and food sovereignty.

PRISCILLA CLAEYS: It's a real mess. Farms are disappearing at an enormous rate each year. Yet many young people who want to start farming cannot access land due to speculation, soaring land prices, and difficult working conditions. I recently conducted a survey on the working conditions of young people employed in agriculture all over Europe, and the results were appalling: underpayment, terrible working hours,

THE FACT THAT WE
NEED TO QUESTION HOW
WE FARM IS DAWNING ON
PEOPLE – P. CLAEYS

no insurance, and no prospects for setting up for oneself because the land is too expensive. EU policy is not addressing this question of how to encourage young people to enter the farming profession.

We're still stuck in an imagined tension between food security and the climate objective when in reality these objectives are completely aligned. Storing carbon in resilient systems, preserving the environment while producing food, and creating jobs for young people go together. There is absolute consistency between climate, economic, and social resilience.

Food price hikes have prompted some lobbies to oppose EU plans for greening farming. In the Netherlands, livestock farms are being forced to shut down by the government because of high nitrogen emissions. The affected farmers are protesting and warning that the decision will make food more expensive. Does the cost of living risk becoming an argument against the green transition in agriculture?

BENOÎT BITEAU: This has been the case since the beginning of the CAP. We are told that we need the CAP to produce low-cost foodstuffs accessible to all households. Low purchasing power is exploited to continue to justify a model of agriculture that should no longer exist. In reality, this form of agriculture comes with enormous costs. It is the public purse that will pay the price of repairing the damage done

by pesticides and synthetic fertilisers on the environment and human health. One way or another, we'll pay for it.

When we hear about price rises, we must remember that large multinational corporations are making unprecedented profits. I mentioned cynicism and immorality: [global food corporation] Cargill made record profits in 2021 [5 billion dollars] against a backdrop of food speculation. At some point, we need to adjust our regulatory mechanisms to these dynamics and set a certain ceiling on speculation after which the money returns to the public coffers. It's why we need a windfall tax. As my grandfather used to say: "there is never worse off without better off."

Still, European consumers spend a significantly lower share of their income on food than people in the rest of the world. Is this era of cheap food coming to an end?

PRISCILLA CLAEYS: The cost of food is artificially cheap. If we take the CAP subsidies on our access to food into account, then add on all the negative externalities of junk food and obesity, and then include environmental pollution and its effects on health, we start to get an idea of the real cost. A school canteen supplied with organic food produced by local farmers would not only improve educational conditions but also improve the health of future generations and support a locally embedded food system. That would be food that we can afford.

The number of people living in Europe using food banks continues to grow. Are there ways to support people facing food insecurity while transforming our food system?

BENOÎT BITEAU: In France, there are conversations about what food social security (*sécurité-sociale de l'alimentation*) could look like. The idea would be to use public money to help people access food whatever their income. It would necessarily be progressive and provide the greatest level of support to those who need it most.

PRISCILLA CLAEYS: How food social security would work is that you are entitled to a certain monthly sum that you can only use to buy food from contracted farmers or producers. There would be a democratic process organised at the local level to determine which producers would be eligible. People would therefore be involved in deciding how to embed changes in agricultural practices at the local level.

Food social security is an interesting proposal for implementing the right to food. It is a concrete answer to the question of what the right to food should mean. It should not just mean that you have the right to a salary or a minimum income that allows you to eat badly from food banks and supermarkets. The right to food could become a tool to improve nutrition among individuals and families and transform Europe's food systems. ■



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Will High Costs Stop Europeans' Mobility in its Tracks?

In response to the twin social and climate crises, countries around Europe are experimenting with mobility policies involving free or heavily subsidised public transport. But how effective are these measures, and are they likely to lead to behavioural change in the long term? Transport policy expert Philipp Cerny looks at the potential and limits of free public transport.

Movement is one of the principal freedoms of the European Union.

But the prevailing mobility policies underpinning this fundamental right have serious limitations in today's Europe. An excessive focus on individual car ownership restricts how and where people can travel, especially with rising fuel prices amid a profound economic crisis, while the climate crisis calls for a broader rethink of mobility systems.

A growing number of Europeans are struggling economically. The cost of living crisis is affecting every aspect of people's daily lives, from how they consume and socialise to how they work and get around. While working from home became the norm for many during the pandemic, this option was not open to everyone. Many workers – including tradespeople, as

well as those in less secure and lower-paid jobs such as care workers and hospital staff – are dependent on transport to make a living.

According to Eurostat figures from 2018, just prior to the recent crises European households were spending a total of 1.1 trillion euros per year on transport – a sum equivalent to 7.2 per cent of the EU's GDP.¹ At 13.2 per cent of total expenditure, transport represented the EU's second largest household spending category after housing (24 per cent), with third place occupied by food and non-alcoholic beverages (12.1 per cent). EU households' transport expenditure is now set to rise even higher as a result of high inflation and the worsening energy crisis. Fuel prices have increased by up to 150 per cent, and the cost of public transport tickets has been pushed up. Germany's main rail operator announced an increase in its ticket prices by at least 5 per cent from December 2022. These price rises have not been evenly distributed across Europe – with petrol stations in Hungary selling fuel at about half the price of those in Sweden, as a result of the Hungarian government's cap on petrol prices and opposition

1 "Transport costs EU households over €1.1 trillion". *Eurostat*. 8 January 2020.



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to sanctions against Russia. Increased costs have been met with different measures by governments across Europe. Some have chosen to simply reduce fuel taxes, while others have opted for more transformative policies and slashed ticket prices for public transport. Could the introduction of discounted or even free public transport help relieve the cost-of-living crunch while paving the way for a new era of sustainable transportation?

EUROPE'S SUMMER OF LOW-COST TRAVEL

In summer 2022, Germany made international headlines by introducing a monthly ticket costing 9 euros that was valid on almost all means of public transport except certain long-distance trains. This ticket, which was available from June to August, represented a major change for German public transport users accustomed to the country's notoriously complex transport ticketing system.

While the German 9-euro ticket was mainly aimed at commuters, other countries attempted to attract holidaymakers back via the rails. For the second consecutive year, Denmark's 399-krone (54-euro) Rejsepas (Travel Pass) allowed passengers to travel

freely for an eight-day period using almost all modes of public transport. The offer was limited to 75,000 tickets and was only valid during the Danish summer holidays. The Swedish Tågloffarkort (Rail Pass), issued for periods of 7 to 30 days and costing between 1995 and 4695 Swedish krona (190 and 450 euros respectively), was clearly aimed at long-distance travellers. The offer was valid over the summer months on all trains run by national operator SJ, including those to Oslo and Copenhagen. Finnish operator VR also introduced a summer ticket. The Lomalippu (Holiday Ticket) was issued for periods of 5 to 30 days during the summer months and cost between 119 and 349 euros. This offer was subsequently revived for the October school holidays. Finally, in Czechia, the 7- or 14-day Jízdenka na léto (Ticket for Summer) offered by state railway company České dráhy was available throughout the summer for the price of 890 or 1290 Czech koruna (36 or 52 euros respectively). This ticket also appealed to business travellers as it allowed upgrades to first class in contrast to most of the other offers, which were limited to second class.

These tickets effectively follow in the footsteps of the Interrail Pass, which enables free European rail travel outside of

the ticket holder's country of residence for a limited period. While it is important to provide environmentally friendly options for holiday travel, including for those on a limited budget, these offers do little to help citizens who are struggling with the costs of daily transport.

FREE PUBLIC TRANSPORT – A WIN-WIN?

Travelling by public transport across Europe can be a complex undertaking. But even within countries, straightforward ticketing options for everyday customers are hard to find. While price plays an important role in attracting customers, good accessibility and a high quality service are crucial to retain them on a permanent basis.

A key lesson drawn in Germany from the universal ticket experiment is the need for a simple ticketing system that works across regional borders, service providers, and different modes of transport. While most European railway companies provide annual subscriptions, the big disadvantage is their limitation to one service provider and mostly to rail. In Germany, there are now calls to transform the 9-euro-Ticket into a more permanent solution, although at a different price. For its part, Austria has introduced the strongly

*EVEN IF PUBLIC
TRANSPORT IS
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ACCESSIBILITY
IS ESSENTIAL*

subsidised KlimaTicket Ö, which allows the use of all scheduled services (public and private rail, city and public transport) for an entire year for a maximum of 1095 euros. Switzerland's GA travelcard, introduced in 1990, covers a similar range of means of transport as in Austria, albeit for a considerably higher price.

Other admittedly smaller countries such as Luxembourg have overcome the obstacles posed by public transport pricing by simply making it free. Malta recently followed suit by introducing free public transport in October 2022 – a move facilitated by the fact that public transport on the archipelago is effectively limited to buses. The Spanish government also took steps in this direction by providing free travel on local and regional trains operated by state-owned railway company Renfe in an offer that has been extended until the end of 2023. This was financed by channelling a direct portion of the funds raised through the introduction of a windfall tax on banks and energy companies. To encourage a lasting shift from individual modes of transport to rail, free tickets are only available for multiple journeys. Since the free ticket initiative came into force on 1 September, medium-distance trains have seen a 40 per cent

increase in passenger numbers while local trains have seen a rise of 24 per cent.

The Belgian city of Hasselt could be considered as the birthplace of the idea of free public transport, but its experience also illustrates the challenges presented by fare-free travel. In 1997, the city's mayor launched a scheme allowing public transport users to travel for free. In 2013, after 16 years in operation, the policy was abolished as it was deemed too expensive. In the same year, Estonian capital Tallinn introduced its own free public transport system (for inhabitants of the capital only), which, in spite of certain drawbacks, is still in operation. These cities' experiences show that, to make free public transport sustainable, a minimum population of users appears to be necessary.

The advantages of a completely free public transport system are diverse. From an economic perspective, the most important savings result from no longer needing to provide a complex ticketing infrastructure. A positive environmental consequence is the lower levels of pollution thanks to the presence of fewer cars on the roads. And by removing financial barriers to access,

free public transport is also more inclusive of economically disadvantaged groups.

Of course, getting people to leave their cars at home also requires increased public investment in transport systems. The German state of Baden-Württemberg has introduced a "mobility guarantee" ensuring the provision of regular and reliable public transport. This is to be funded by means of a "mobility pass" issued to car owners upon payment of a fee that gives free or reduced-rate access to public transport. One of the best-known ways of generating revenue for reinvestment into public transport infrastructure, however, is the introduction of toll systems. Examples include the Congestion Charge in London and the Trängselskatt in Stockholm and Gothenburg. Another approach involves requiring employers to make financial contributions on behalf of their employees that are then used to finance the public transport system. As early as 1970, the City of Vienna introduced a system under which employers are required to pay a "metro tax" for each of their employees under the age of 55 who work more than 10 hours per week. A similar system exists in France: companies with more than nine employees are taxed between

0.55 and 1.75 per cent of an employee's wages to cover almost 50 per cent of public transport expenses.

MOBILITY POLICIES MUST BE SOCIAL POLICIES

Affordability plays a major role in the shift towards a more sustainable model of mobility for all. But this is not the only consideration. Even if public transport is free, such as in Malta or Luxembourg, good accessibility is essential. If stops are not conveniently located, people are likely to seek other options. This is particularly the case for people on lower incomes, who may work several jobs to make a living, and whose places of work are often not as well connected by public transport as office complexes. While cycling is a serious alternative for commuting in urban areas, the car still tends to be the means of choice for disadvantaged inhabitants of metropolitan areas – and even more so for those living in rural areas.

This is not to say that low-cost or free public transport does not help to tackle rising costs of living. The looming economic crisis will see living expenses increasing across the board, and for many commuters, free public transport would be an enormous help. But just as with the wider transformation of mobility to address the climate crisis, policies need to address the needs of those people currently ill-served by public transport.

Accessibility is vital for a sustainable mobility transition. The introduction of cheaper or free tickets removes the first barrier. Now we need to upscale and broaden the public transport offer so that even more people can switch to a more sustainable mode of transport. This shift is unavoidable if we wish to limit fossil fuel use.

Ultimately, a more comprehensive strategy is necessary to help people in need. With the introduction of its windfall tax, Spain has taken a first step. Those profiting from the current energy price increases must contribute a greater share of their gains. This is the only way to help everyone through the cost of living crisis. ■

RUNNING DRY

PROTECTING THE RIGHT TO WATER IN EUROPE

ARTICLE BY
MARTIN VRBA

Water is essential to every aspect of our daily lives. Yet it can no longer be taken for granted. With climate change worsening droughts and heatwaves, Europe urgently needs a new approach to the management of this critical resource. Shared and public ownership and cross-border cooperation hold the key to building resilience against these risks, warding off water conflicts, and protecting access for all.

European policy has traditionally treated water as an abundant commodity to be extracted for profit. The severe droughts recently experienced in Europe indicate that this era of abundance is over and have brought home the true value of water as a precious and scarce resource. It is time to look at water in a new light.

This new situation requires a radical change in our approach to water policy and management. Former attempts to integrate water resources into the European single market now appear short-sighted at best and potentially disastrous. In order to build the resilience necessary to overcome the climate-related challenges ahead, we can no longer allow water to be exploited by market forces for private gain. The neoliberal water policies in place in many European countries need to be reversed, and water must be subject to public or commons-based governance. Only in this way can we build resilient water systems and keep water universally available and affordable.

PRIVATISATION AND RESISTANCE

The current era of water privatisation first began to emerge in the 1980s when, under the conservative rule of Margaret Thatcher, the UK government oversaw the transformation of water facilities into private

assets. Water was privatised in England and Wales in 1989 as part of a wider liberalisation agenda for public services and resources. Ten regional water authorities and their proprietary infrastructure were completely transferred to privately owned companies. As a result, water companies became “permanent regulated monopolies”, facing “public sector levels of competition and risk” with “private sector levels of profit and return”.¹

The result was a complete collapse in investment in water infrastructure with serious consequences for water losses. Private company Thames Water, which provides water to the London metropolitan area, has been criticised for its inability to deal with huge leaks from its pipes. The estimated water loss is 600 million litres per day – almost a quarter of all the water it supplies. This quickly becomes a severe problem in the context of drought-induced water scarcity. Thames Water and Southern Water, another large water and wastewater company, have also been criticised for unacceptable levels of sewage pollution and spills, which seriously affect both valuable ecosystems and public health.

In contrast, the privatisation of water resources in France has a surprisingly long tradition, dating back to the mid-19th century. Here,

privatisation takes the form of public-private partnerships organised under lease or concession contracts. Municipalities regulate tariffs and remain the owners of the infrastructure. In other words, local governments retain responsibility for the infrastructure, while private companies take care of service delivery. In this way, control over the country’s water supply came to be held by a small number of companies that earn high profits and maintain monopoly positions while shouldering few of the costs. In recent years, France has experienced a wave of re-municipalisation following the expiration of contracts with major distributors Veolia Environnement, SUEZ, and Saur. Thus, while privatisation in the UK consisted of the sale of the entire water system to private companies, in France it was achieved through concessions, which made it easier for municipalities to reclaim them.

The experiences of French cities such as Paris and Grenoble demonstrate the benefits of water re-municipalisation. In 2010, Paris re-municipalised its water service from the hands of private companies including Veolia and SUEZ to create the public company Eau de Paris. The performance of Eau de Paris has been transformative: the price of water has been cut by 8 per cent and a new

1 Jonathan Portes (2022). “I worked on the privatisation of England’s water in 1989. It was an organised rip-off”. *The Guardian*. 16 August 2022.

citizens' commission was formed to enhance transparency and democratic governance.² The new public utility created an active policy of water affordability for poorer households, migrants, and homeless people and increased the number of public water fountains. This success story was also a highly symbolic step that changed the national conversation around water in France. For its achievements, it was awarded the United Nations Public Service Award in 2017.

The years following the financial crisis of 2008 saw a major Europe-wide push to take water out of public ownership. Unsurprisingly, the water resources of Greece were among the targets. Amid the Eurozone debt crisis, the Greek public sector faced systematic pressure to privatise its two largest water companies in Thessaloniki and Athens – EYDAP and EYATH. But these debt-driven attempts at water privatisation were met with public resistance. A 2011 initiative led by the EYATH Workers' Association eventually led to a March 2014 referendum at which an overwhelming majority (98 per cent of 218,000 voters) rejected the company's privatisation. While Greece provides the most striking examples of debt-driven attempts at water privatisation, the practise is by no means limited to this country.

Privatisation of water services is often set as one of the basic conditions of financial aid to indebted countries by international institutions such as the International Monetary Fund and the World Bank.³ Uniquely in the OECD, water use in Ireland is free up to a certain quantity and funded through general taxation. Similar to Greece, Ireland's creditors pushed for an end to this policy amid the Eurozone crisis and the introduction of water charges in 2014. However, the move was met with strong resistance, including large demonstrations, a non-payment campaign, and civil disobedience in the active blocking of the installation of water meters. These tactics eventually led to the suspension of water charges in 2016. Today, Irish water resources are under the control of state-owned company Irish Water, which is accountable to the Commission for Regulation of Utilities and the Environmental Protection Agency.

In Italy, while none of the country's regional water utilities are fully privatised, some are at least partially in private hands. The fact that most Italian water remains in public ownership is largely due to the 2011 referendum at which more than 55 per cent of voters opposed the attempts at water privatisation that were also part of the larger austerity agenda that followed the financial crisis.

2 Olivier Petitjean (2020). "Leaving Water Privatisation Behind: Paris, Grenoble and the advent of a water remunicipalisation movement in France". *Cities versus Multinationals – Passerelle*, no. 20 (02/2020), pp. 128-136.

3 Maria Pempetzoglou & Zoi Patergiannaki (2017). "Debt-driven water privatization: The case of Greece". *European Journal of Multidisciplinary Studies*, Vol. 2 (Issue 5/May-August 2017), pp. 97-106.

WATER

AVAILABILITY

NEEDS TO

BECOME

A MATTER OF

PUBLIC SECURITY

A TIPPING POINT: THE RIGHT2WATER MOVEMENT

Organised by the Italian Water Movement, Italy's successful referendum became a rallying point against the liberalisation of water and public utilities in general. It marked a landmark moment in the European movement against water privatisation and eventually became the basis for the European Citizens' Initiative Right2Water.⁴ A relatively underappreciated (non-binding) mechanism of direct democracy in the European legislative process, European Citizens' Initiatives (ECIs) allow citizens to collect signatures to demand action on matters of EU competence. The Right2Water petition was organised by the European Federation of Public Service Unions in 2012 and collected 1.9 million signatures across Europe, thus becoming the first successful ECI. Developing into a fully-fledged social movement, it galvanised opposition to the European Commission's tendency to push for water privatisation across EU member states.

The initiative's original demands were straightforward: universal accessibility and availability of water and sanitation provision in Europe and a halt to the privatisation of water resources and the liberalisation of services. Fulfilling such demands would effectively halt the neoliberal tendencies of European politics and the drive to make water a commodity to be exploited by market forces.

Over the 1990s and early 2000s, the privatisation of water had come to be seen as necessary for the completion of the European single market. Arguments for the privatisation of water were part of the broader neoliberal claim that once-public goods are best managed as private commodities. Both industry and investors tried to convince policy-makers and the public that handing over water services to private companies would increase investment in infrastructure, thus

⁴ The European Citizens' Initiative (ECI) is a mechanism introduced by the Lisbon Treaty to allow citizens to put any issue on the European political agenda, provided at least 1 million signatures are collected within one year from at least seven different member countries.

improving service quality and efficiency while ensuring price stability.

The Right2Water initiative, however, argued that privatising public water utilities does not benefit users. The outcomes of water privatisation in France and the UK were indisputable: water became more expensive, infrastructure investments were delayed, and the quality of service delivery stagnated. On top of that, the Right2Water movement contended, market-based solutions worsened water conflicts, jeopardising both individual and collective water rights and exacerbating existing water inequities in the European Union.

In the face of this unprecedented public pressure, the European Commission eventually agreed that water was a public good rather than a commodity and excluded it from the Concession Directive, which is 2014 legislation opening up public procurement to greater competition. However, de-privatisation policies remained unimplemented. Although the trend of water privatisation was at least partially halted around Europe, it was not necessarily reversed to return privatised water infrastructure and services to public hands. This remains a task for the near future for reasons that go beyond those articulated by the Right2Water movement.

BUILDING RESILIENCE

The rationale behind private water infrastructure ownership and resource management is that it generates revenues that can be reinvested into infrastructure, for instance to improve networks and prevent leakage. Predictably, this did not happen; rather, it simply made shareholders extremely wealthy. An 2020 investigation by *The Guardian* showed that, between 1991 and 2019, private water companies in England paid 57 billion pounds in dividends.⁵ That is nearly half the sum spent on infrastructure during the same period. Another dubious aspect of their financial performance was that they amassed debts of more than 48 billion pounds over the same period. Arriving at the conclusion that this mountain of borrowing was essentially used to channel money to shareholders does not require a huge leap of reasoning.

In the context of the climate crisis, earnings at this level are an unsustainable luxury we can no longer afford. Providing universal access to water will prove all the more difficult in the coming years as water becomes an increasingly scarce resource that needs to be distributed in a much more responsible and organised fashion. Our system of water management needs to adapt to the increased likelihood of droughts, heatwaves, and extreme weather events, manage risks, and cope with emergencies. This will require a coordinated approach.

⁵ Sandra Laville (2020). "England's privatised water firms paid £57bn in dividends since 1991". *The Guardian*. 1 July 2020.

Such a challenge needs to be met on multiple levels. First, Europe has a huge problem with water leaks caused by old, decaying pipes. This state of disrepair requires a strong political response in the form of massive investment in repairing and expanding water infrastructure. The private sector will not be willing (or simply cannot afford) to make these investments. Second, when water companies and infrastructure are publicly owned, imposing water restrictions during severe droughts becomes much easier. This partially answers the question of how to react to water emergencies in a coordinated and fair manner. While the market reacts to scarcity by increasing prices, when the public or a community owns and manages the water supply, this can help to keep prices from spiralling out of control. In the summer of 2022, the UK government pleaded with water providers for weeks to implement hosepipe bans but, given that they faced no legal obligation to do so, companies in some regions simply refused despite an official national emergency.

The problem with private water providers dealing with essential public goods is that they lack the principal accountability usually possessed by public or communal authorities. Their ultimate responsibility is to their shareholders, not their clients. Public or commons-based governance, in contrast, operates according to a different logic that puts people's needs first.

Building water resilience in the context of accelerating climate change cannot be based on the socialisation of losses and privatisation of profits. Regardless of our best mitigation efforts, the climate will continue to warm for the next three decades at least. This will put severe pressure on our water resources. Within this new climate regime, water availability needs to become a matter of public security. This vital resource needs to be more governable, its price volatility reduced, its quality prioritised, and its use more regulated.

But it is not only water management and infrastructure that require additional investment; large-scale initiatives tackling landscape water retention are also crucial and must be supported. A good example in this regard is Czech grassroots movement *Živá Voda* (Living water), which focuses on direct interventions to restore water retention in the countryside through the revitalisation of rivers and floodplains. The aim of these efforts is to restore the small water cycle, which has largely been disrupted due to the expansion of modern agriculture and soil exhaustion. The much-needed implementation of similar projects across Europe, home to the highest number of shared water basins in the world, would necessarily go beyond national borders,⁶ requiring policies to be implemented at the European level. This could take the form of

6 Benoît Biteau (2022). "Droughts are a threat to peace in Europe – Why we need democratic water management in the EU". *Greens-EFA Blog*. 14 September 2022.

cross-border projects and cooperation or truly large-scale initiatives by the European Commission, which could provide the necessary legal framework. Water retention efforts, including an ambitious implementation strategy, should also become an important part of the EU Adaptation Strategy that guides European attempts to prepare for the effects of climate change.⁷

The success of the Right2Water movement is an inspiration for other grassroots initiatives. If done right, European citizens' initiatives can shift the winds of European policy-making. This may prove useful for mitigating potentially harmful EU policies, but also for moving the European political discourse towards effective adaptation and resilience. If the European Commission can create directives for privatisation, it can also create directives for re-municipalisation and commons approaches that ensure that water is treated as a public good.

Although the de-privatisation of water resources is an important step, it is evident that building a truly resilient future requires much more. Intelligent policy-making is essential; massive public investments into water infrastructure and water retention efforts will prove crucial in a situation of water scarcity, which may rapidly become the new normal

for European countries. Rational risk-management of future crises and disasters requires that water is managed democratically to ensure that communities and society as a whole can effectively adapt to changing circumstances. Public and communal ownership of essential goods can provide the necessary basis for that resilience.



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⁷ The European Commission adopted its new EU strategy on adaptation to climate change on 24 February 2021.



Time to Revive the Power of Europe's Unions

The cost of living crisis hits at a time when organised labour in Europe is historically weak. Revitalising the trade union movement and institutions of collective bargaining is the only way to protect living standards in the face of soaring inflation. Amid growing political uncertainty, trade union solidarity can also be a bulwark against a resurgent far right.

Real wages fell by as much as 19 per cent for Europe's lowest paid in 2022, while the 4.8 per cent average drop in real minimum wages is the most significant decline this century.¹ Meanwhile, the news is full of predictions about a contracting economy and potential job losses. The International Monetary Fund now warns that the global recession will hit Europe, while globally the World Bank has announced that the goal of eradicating extreme poverty by 2030 is now out of reach.²

So far, the far right has capitalised most on the current crises. In Italy, Giorgia Meloni's post-fascist Brothers of Italy have taken power. The promise to fight the rising cost of living

was key to their victory. In Sweden, a bastion of social democracy, the Sweden Democrats – a party with roots in neo-Nazism – have joined the new right-wing government. Romania has seen far-right rallies in its capital Bucharest, and Czechia has witnessed major anti-EU and anti-NATO demonstrations. Cross-border surveys have found that many people are increasingly worried about the risk of civil unrest driven by the spiralling cost of living.³ In Britain, 53 per cent of respondents reported such concerns, while in Poland, the figure rose to 75 per cent.

Amid inflation and a widespread sense of abandonment, the European institutions are rushing to take steps to prevent people from falling into the arms of extremist political parties. The European Commission has pushed for a cap on energy prices and encouraged member states to introduce windfall taxes on company profits. Yet though the European apparatus is developing solutions, these are being overshadowed by the voices of right-wing radicals seeking to exploit people's fears and prejudices.

1 European Trade Union Confederation (2022). "Record fall in value of statutory minimum wages". *ETUC Press Release*. 13 September 2022.

2 World Bank (2022). "Global Progress in Reducing Extreme Poverty Grinds to a Halt". *Press Release* (2023/011/EFI). 5 October 2022.

3 Benjamin Fox (2022). "Cost of living crisis set to prompt social unrest across Europe, poll finds". *EURACTIV*. 2 September 2022, updated 5 September 2022.



RADU STOCHITA

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The outlook appears grim. Despite the successes of movements such as Don't Pay UK, which encouraged citizens not to pay energy bills and pushed Britain's beleaguered Conservative government to offer major financial support to households hard hit by the energy crisis, people's faith in positive change is clearly being undermined.

THE LEGACY OF PAST CRISES

The wave of austerity imposed following the 2008 financial crisis left a lasting mark that undermined many countries' readiness to face the current crises by stripping back public services, including healthcare. In Romania, the neoliberal government closed down 67 hospitals and clinics in 2011. In Greece, the health budget was cut in half from 2009 to 2015.⁴

Social dialogue, the process through which labour unions, employers, and governments collaborate, was another casualty. In 2011, the Romanian government restricted collective bargaining and the right to strike, disbanded the nationally enacted collective bargaining contract, and declared unions to be an obstacle to a flexible workforce. In Romania and Spain, governments

implemented wage cuts at the same time as introducing legislation making workers easier to dismiss and replace. These policies followed in the footsteps of Germany, whose unions, which still retain major decision-making power, saw their influence curbed by the introduction of flexible labour laws in the early 2000s.

Since 2010, union membership rates have decreased by roughly 15 per cent across EU countries. In extreme cases such as Romania, they have fallen by more than 37 per cent.⁵ While collective bargaining coverage throughout Europe has decreased by roughly 10 per cent on average, in Romania and Greece it has declined by 60 and 55 per cent respectively. A decline in collective bargaining leads to stagnating wages, fewer labour protections, and a widening salary gap. One of the most significant results is that more people end up working minimum wage jobs. In Romania, the number of workers on minimum wage contracts rose from 350,000 in 2011 to 1.7 million in 2020. The numbers speak for themselves in a cost of living crisis: we need collective bargaining contracts to improve living standards.

Ștefan Guga, director of the research group Syndex Romania, confirms: "Collective bargaining should have a central role, but in Romania this is no longer the case. The main debate is around the minimum wage, yet that can only get you so far. Since there is no clear mechanism to increase non-minimum-wage salaries, you end up with more people on minimum wage than ever." Guga also warns that collective bargaining without active militancy and workers' councils in the workplace might not lead to improvements. For example, every Romanian company that employs more than 21 workers is legally required to participate in collective bargaining, but there is no requirement for an agreement to be reached.

Dan Năstase, president of the Romanian Federation of Textile Workers, explains that it is often just legal box-ticking. "They bring one of the workers into the meeting room and pretend that they are negotiating. So they 'engage in negotiations', without any tangible solutions." Guga adds how these sham collective bargaining processes are sometimes just another means to keep wages down: "When you have a collective labour agreement, you've got rid

⁴ Talha Burki (2018). "Health under austerity in Greece". *The Lancet*, Vol. 391 (Issue 10120), pp. 525-526.

⁵ Kurt Vandaele (2019). *Bleak prospects: Mapping trade union membership in Europe since 2000*. Brussels: European Trade Union Institute.

of the problem of someone asking for another contract.” But while there are limitations to what collective bargaining can achieve without real organising behind it, both Guga and Năstase believe that dialogue between unions and employers is the only way to achieve better working conditions and pay.

of austerity and attribute the deterioration in working conditions and real wages to weak collective bargaining.

With the far right on the rise, the political benefits of re-empowering unions not just as guarantors of pay increases but also as social actors should not be ignored. In the United

were ultimately crushed by the power of the state. In the United States, more than one hundred IWW leaders were imprisoned under the Espionage Act of 1917, and General Secretary-Treasurer Bill Haywood fled to the Soviet Union. In Italy, Benito Mussolini used state violence and repression to break the back of trade union organising. While trade union opposition to these regimes may not have survived state repression, their stand was nevertheless a sign that a different world is possible.

This history should be a lesson for Europe as it heads into a dark period marked by economic hardship and the war in Ukraine – and made darker still by the rising far right. In such times, European governments can turn to trade unions not only as representatives of workers struggling for better living conditions but also as actors able to fight misinformation and take a stand against right-wing extremists. If, as during the last economic crisis, European governments collude with big capital once again, there may be no coming back from the current rightward drift. Giorgia Meloni’s victory, 100 years after Mussolini marched on Rome, is further reminder. Her platform managed to offer workers ambiguous promises and words of encouragement while failing to set out any tangible benefits.

IN ROMANIA, EFFORTS ARE STILL NEEDED TO BUILD BRIDGES BETWEEN TRADE UNIONS AND THE ENVIRONMENTAL MOVEMENT

THE RETURN OF INDUSTRIAL ACTION?

Across Europe, trade union activity markedly increased in 2022. Unions have mobilised to call for higher wages and a greater role for collective bargaining. Belgium, France, Germany, and the United Kingdom have all seen major strikes affecting sectors including transport and energy. The European Trade Union Confederation (ETUC) – the umbrella organisation for European unions – has organised multiple demonstrations and called on national governments and international institutions to strengthen unions’ voices. In their statements, they warn against further waves

Kingdom, the Trades Union Congress (TUC) has organised campaigns targeting the far right’s political project and safeguarding against infiltration within the movement. Upon witnessing the catastrophic election results in Italy, ETUC president Laurent Berger declared, “European and international trade unionism was built on solidarity and progressivism. The far right is the antithesis of these values.”

Throughout history, trade unions have stood up to the ascent of the far right, ranging from the Industrial Workers of the World (IWW) fighting racists in the United States in the 1910s to the opposition of left-leaning Italian unions to fascism in the 1920s. In both cases, the unions

*GOVERNMENTS AND
POLITICAL PARTIES
NEED TO TURN TO
UNIONS, LISTEN TO
THEIR DEMANDS,
AND HEED THEIR
PROPOSALS*

**MUCH-NEEDED
ALLIANCES**

What would the empowerment of trade unions mean for climate and environmental policies in Europe? Trade unions have been playing an increasingly active role in discussions over a just transition. European umbrella organisations such as ETUC, the European Public Service Union, and IndustriALL support emissions reductions and recognise the implications for heavily polluting industries. However, discussions in Brussels remain distant from the realities around Europe.

In Romania, for example, efforts are still needed to build bridges between trade unions and the environmental movement. The Romanian coal mining industry was abruptly shut down in the late 1990s. The legacy of that transition is joblessness and communities wrecked by gambling and alcoholism. Across society, interest in climate change and renewable energy is not comparable to that in western European countries. However, trade unionist Năstase believes that collective bargaining could play an important role in this process: "Collective bargaining contracts could include clauses about green transition, offering workers a just transition."

While this proposal may seem utopian given Romania's

falling unionisation rate and the collapse of collective bargaining, it is much needed. In the absence of trade unions negotiating over potential job losses, training, and the obligation of employers to reintegrate workers, it would be every person for themselves in the transition ahead. For the environmental movement, the stakes of winning trade union support for the transition on the ground could not be greater considering the far right's frequent rejection of climate science.

European states may be developing plans to get through this winter and the next, but the far right's clear, aggressive politics of anger continues to gain ground. History shows that, when in power, the far right targets collective bargaining, unions, and workers' power generally, posing a threat to living standards as well as to rights and freedoms.

Given the current political and economic turmoil, there is a risk that societies will fall into a trap of pessimism in which imagining a better future becomes impossible. Without hope for change,

opportunities for trade unions and progressive political movements to make progress could be frozen entirely. To counter that direction, we need a vision of the future that offers more than slight improvements and minimum-wage increases. A few more crumbs added to the workers' share of the pie will not be enough.

In the current crisis, governments and political parties need to turn to unions, listen to their demands, and heed their proposals on the way forward. Trade unions themselves need to return to militancy and class solidarity. For Green parties specifically, building lasting ties with unions in the present moment is key to the long-term success of the green agenda. A just transition will not emerge from the offices of bureaucrats. It must be built from the ground up by people advocating for dignified living conditions and a better future. ■

AN ISLAND OF SECURITY

THE RENEWABLE ENERGY COMMUNITY OF VENTOTENE

ARTICLE BY

**ANTONIA FERRI,
FRANCESCA
POLIZZI & ARIANNA
EGLE VENTRE**

On one Mediterranean island, the words resilience, autonomy, and solidarity are much more immediate and concrete than EU jargon would lead us to believe. In a process started amid the pandemic and now all the more valuable in the context of the energy crisis, the island's residents have come together to form a renewable energy community. Their story is a reminder that the most secure energy system is distributed, decentralised, and democratic.

The ferry leaving the island of Ventotene for Formia is noticeably busier than the one heading in the opposite direction. Islanders doze while tourists snap one last photo of this small Italian island's colourful houses as it slowly recedes into the distance. Summer is over and with it the tourist season. The island is emptying – not just of tourists but inhabitants too. Of some 800 residents, no more than 200 remain.

“In winter, this bar is one of the few places where young people can meet. Staying open is a choice, but it's a choice that carries costs,” says Antonio Psaros (Toni to friends) as he turns off fridges, worried about running costs. He adds: “Last year, my electricity bill for July and August was 800 euros; this year it was 1500 euros. For small businesses like ours, the increase hits hard.” Psaros has decided not to close after the summer to give people who chose to remain on the island somewhere to go. It is a choice made for himself and his community, one that has led him to rethink his role on the island and also to join the Ventotene renewable energy community. “As well as the environmental benefits, being part of the renewable energy community



Antonio Psaros, known as Toni, shows one of his latest electricity bills.

can help get us through these tough times of rising gas and electricity prices,” says Psaros, as he searches on his phone for his most recent bill to demonstrate his point.

There are 38 officially recognised renewable energy communities in Italy and another 65 are planned, according to Legambiente, Italy’s leading environmental campaign group. Renewable energy communities are driven by the need to create new ways of producing, distributing, and consuming energy based on sharing and saving. Energy is generated by local systems and shared by consumers located nearby. Community members are not just “consumers” but “prosumers” who also own the energy production systems, which in turn become sources of economic, social, and environmental value for the local area.

Renewable energy communities are regulated at the European level by the Renewable Energy Directive, which sets out the EU’s targets for decarbonisation and the rollout of renewable energy sources for 2030. The legislation saw a first partial transposition into Italian law in 2020. In 2021, the directive was fully transposed and it became formally possible to create renewable energy communities in Italy. Italy’s National Recovery and Resilience Plan, funded by the EU pandemic



Alessio Castagna, owner of the Art Café.

recovery fund, allocates some 23.8 billion euros to renewable energy and 2.2 billion to renewable energy communities in particular.

“Legally recognising renewable energy communities is an important step for Italy, because it means supporting this type of energy production. It’s an ideal model because it’s based on local, renewable sources as opposed to the current model that is centralised and dependent on fossil fuels,” explains Tommaso Polci from Legambiente’s energy office. Polci adds: “Renewable energy communities bring a human side to a world that can seem distant from us. When we turn on a light, we don’t often wonder where the electricity comes from. Renewable energy communities lead us to ask ourselves where the energy we use is generated and to understand its value.”

On the same street as Antonio Psaros’s bar, a green sign outside a café run by Alessio Castagna reads: “After the summer, the historic Art Café will become a workshop for facilitating and supporting circular economy and regeneration projects to protect the island’s environment and culture.” Castagna joined the renewable energy community straight away. He opens the doors facing the bar’s terrace and points upwards. The sun is blinding; it is hard to see what he is pointing at. “The panels will probably go there,” he says.

**RENEWABLE ENERGY
COMMUNITIES ARE DRIVEN
BY THE NEED TO CREATE
NEW WAYS OF PRODUCING,
DISTRIBUTING, AND
CONSUMING ENERGY**

“Dream in progress,” says the sign at the entrance; a dream that

Castagna would like to share. In the Fascist era, political prisoners were confined to the island. “In the days of internal exile [during the Fascist regime], this was the socialist canteen; today, I see it as a place to listen, dream, and make plans together.” This is how Castagna sees participation in the community: “When you aim for self-sufficiency, you need to think long term. A community decides together that the place from which it earns a living is also a place to conserve. And that place becomes home to the group of people that look after it.”

For many years, Castagna travelled the world as a photographer and documentary maker, leaving somebody else to run the bar. Then, unexpectedly, Ventotene became home once more. “In the past, I would only do the tourist seasons and then I would leave, like everybody else.” In 2020, Castagna spent a few months – not just over the summer – on the island. He explains: “Being here with all the problems – the pandemic, the restrictions – a support network began to form. There was a period of shortages on the island, so everyone started working together. At that moment, when we all found ourselves a bit stuck, I started to see opportunities for believing in new ideas and possibilities.”

The idea for a renewable energy community began to take shape amid the

restrictions and lockdowns thanks to Gabriele Magni, now a PhD student, who was finishing his degree in energy engineering during the pandemic. With childhood ties to the island, he would often come to Ventotene for the summer season. Then, says Magni, “I began going there more and more, then Covid came. In Rome, I was just uncomfortable and useless. I had a place I could use in Ventotene and I decided to spend the winter on the island for the first time and write my master’s dissertation. Being in close contact with the island gave me the idea of writing my dissertation about Ventotene.” Working with his supervisor Professor Andrea Micangeli, who teaches energy systems at Rome’s Sapienza university, Magni analysed potential models for a renewable energy community on the island. His knowledge of the island and its inhabitants gave him a head start. He began knocking on doors, explaining what he was doing, asking people what they thought about his idea, and seeing if they wanted to be part of the community. It was an exploratory survey that immediately brought Magni into contact with the island’s government: “The mayor openly welcomed the idea and passed a local council resolution declaring his intention to create an energy community. In October 2021, Ventotene’s community energy association was officially

RENEWABLE
ENERGY
COMMUNITIES
LEAD US TO
ASK OURSELVES
WHERE THE
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GENERATED AND
TO UNDERSTAND
ITS VALUE

set up.” This organisation gave the green light for what had initially been no more than an academic paper.

When the council entered special measures (meaning the new renewable energy community had no president, as this role is also fulfilled by the mayor), the establishment of the community was partially interrupted. But relationships continued to be built during this enforced pause. Helping Gabriele Magni was Gloria Consoli, coordinator for the Ventotene community cooperative. Magni outlines the various stages involved: “We started putting together a mailing list of interested people to whom we sent information about what a renewable energy community might look like and how it works; we held several meetings throughout the year where we explained what it is, how it might be done and the next steps for moving forward.” Consoli’s approach involved “thinking about the renewable energy community as a community in the true sense of the word. We organised fundraising dinners so that we had a nest egg by the end of the year to reinvest in other activities.”

Consoli also promotes working groups comprising Ventotene residents of all ages. They usually work in teams, for instance when workshops are offered. Recalling one activity, Magni explains: “We analysed the pro and cons of setting up a community: we didn’t just get people to give presentations we started a participatory process that resulted in the drafting of an energy transition agenda for the island of Ventotene.” Consoli goes on to add that while community spirit is fundamental, it is not enough on its own: “A lot of work needs to be done on governance – in other words, the financial side of things – to understand what projects can be implemented with the money that is generated.” The watchwords are education and awareness. Each person, based on their background and needs, uses their know-how in different ways.

“Our hotel is only open in the summer. So we see our participation as an exchange: in winter, when we’re not working, we can help keep costs down for individuals or small businesses through the energy that we



produce, while they help us during the summer,” explains Nicola Assenso, who runs the Hotel Calabattaglia. He has lots of space to install solar panels, but the electricity produced would go to waste when the hotel is closed: “We can create quite a big system and therefore also supply energy to people who cannot install panels.” Assenso embraces a redistributive idea of energy that is especially relevant when many families are struggling with rising prices and the energy crisis. “This is a small island. If everyone were to join, it would be possible to completely abandon fossil fuels, thus becoming a shining example in the European Union.”

The community centre where the first public meetings of the energy community were held.

Antonio Psaros is also positive about the community’s future: “The more people that are involved, the more others will want to get involved,” he says as a friend walks in. He sits down and they begin chatting. About the friend who is leaving this year. About rising coffee prices. About too much wine the other night. About how much energy ovens use. People’s everyday lives are scarred by the climate crisis, energy crisis, political crisis, and economic crisis; crises that become intertwined with and shape social relationships. What might seem like a small local experiment is, in fact, a laboratory for innovation and ideas. The tiny island of Ventotene, the first renewable energy community in the Lazio region, can blaze a trail and – together with other municipalities – build a chain of energy communities across the country.



A diagram showing the connections that make up the Ventotene energy community.

Alessio Castagna takes a large sheet of paper out of a drawer. As he does, he tells us about his non-profit Sconfinata, which promotes social inclusion and training initiatives all year round and also collaborates with and shares the same values as the renewable energy community. Alessio opens out the sheet. Arrows pointing up and down represent the relationships between organisations and people on the island. It is a sort of organisational chart, with a box containing the words “energy community” in capitals and lots of other names connected to it: “Gabriele Magni”, “University”, “Sconfinata”, and more. An arrow points to Lega Navale, a national sailing charity. “We were among the earliest supporters,” says Francesca Rizzi, vice-president of Ventotene’s Lega Navale chapter. On the island, the Lega Navale is known for its environmental work and for championing a sustainable relationship with their surroundings. “Since 1997, when the protected marine area was created in Ventotene, we’ve always believed that what we have beneath our feet must be preserved.” Naturally, they embraced the community, well aware of the importance of pooling knowledge, making shared plans, and finding solutions. These are the same ideas that the Lega Navale teaches at its sailing school: “Coordination, relationships, and a sense of community play a key role both at sea and in the renewable energy community. We’re all in the same boat.”

WHAT MIGHT
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FOR INNOVATION
AND IDEAS

The climate emergency, the energy crisis, and inflation are challenges to be faced as a collective. The sharp increase in energy and food prices has been keenly felt in Italy due to its dependence on imports. The geopolitical instability caused by the conflict in Ukraine and the effects of the climate crisis, such as Europe's drought, hit the poorest hardest, increasing inequalities. So it is becoming more urgent than ever to embark on an energy transition based on the fair and sustainable sharing of resources. "Renewable energy communities are a useful tool against fuel poverty," says Tommaso Polci, reflecting on the experience of a renewable energy community that was created in deprived areas of Teduccio and San Giovanni in Naples. "As well as saving families money, it's an opportunity to reshape communities. These neighbourhoods were infamous for crime, but for once they are talked about differently."

Economic, social, and environmental dimensions are blended into a common approach based on reciprocity and exchange between the community and the local area as a whole. "The energy community should also act as means for redistributing disposable income and energy, as a means for equality. It could help close the gap between social classes, which has been widening in recent decades," explains Raffaele Spadano, an anthropologist who manages the Gagliano Aterno Community in the Abruzzo region. He adds: "People say there's no alternative, that we can't do anything to stop climate change, the pandemic, war. But renewable energy communities allow us to start afresh by going back to basics. The value generated from nature (water, wind, sun, biomass) should stay with the residents of those areas; at the same time, we need to ensure that system management and maintenance is outsourced locally." Gagliano Aterno is a small village in the Abruzzo mountains, and Spadano sees energy communities as an important means of restoring a sense of community, something increasingly threatened by depopulation. "Setting up a community takes time, years even, and over these years the community needs to be supported. Very often we're faced with situations where communities have frayed, deteriorated when it comes to relationships, so the first thing they have to do is rediscover the collective dimension."



A three-wheeler on the streets of Ventotene in front of an abandoned house for sale.

There remain many obstacles to the development of renewable energy communities in Italy. At the European level, Germany, Denmark, and the Netherlands all have far more officially recognised renewable energy communities. That said, in recent years Italy has seen many initiatives that may not be included under the renewable energy community legal framework but have nonetheless promoted self-production and local renewable energy sources. “In 2021, Italy was some way ahead of some European countries but with these delays, we’re wasting time and falling behind,” laments Polci. Delays due partly to legislative instability as well as hold-ups with technical regulations, which have prevented the installation of new panels, including on Ventotene. Legambiente points to the serious delay in the guidelines for self-production that should be issued to Italy's energy regulator as part of the transposition of European directives into Italian law. There is a lack of clarity on updates to incentive mechanisms, which are essential for starting many communities in Italy, as well as other technical issues. As Polci explains: “Members of an energy community must all be connected to the same primary substation. To find out which substation you’re connected to, you have to contact your local energy supplier (usually Enel). This information is needed to take the first step, but there’s often a very long wait for it.”

As Gloria Consoli explains, setting up the Ventotene renewable energy community was an uphill battle too. As well as delays due to compliance and the council being in special measures, there were also problems connecting to the grid, which forced the community to start with only a few members. A 2022 report into energy communities in Italy highlights that, when it comes to European energy transition targets for 2030, the country “is lagging behind, so much so that on 26 July 2022 the European Commission opened 10 infringement procedures for [Italy's] failure to implement several directives, including the directive on energy communities.”

Establishing more energy communities would bring nationwide benefits, creating positive dynamics that would allow people and businesses to invest independently in their local areas and avoid the delays and political obstacles that all too often hold up the energy transition. Magni concludes: “The next step will be to create networks of energy communities to share good practice. But first, we need to set them up.”



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FACES OF THE CRISIS

Coordinated by
JENNIFER KWAO

A refrain often used in relation to the sequence of crises the world faces is “the hardest hit are the most vulnerable”. But what does it look like to be vulnerable to energy and price shocks? And what does it mean to experience it acutely?

This panorama gives a snapshot of lived experiences of the cost of living crisis as well as where government responses are falling short. We hear about asylum seekers’ long struggle with overcrowded housing, petty allowances, and discrimination on the housing market. We hear about deepening period poverty in Europe and how that is shaping some women’s unique experience of the cost of living crisis. We also hear how young people struggle to make ends meet and many elderly people could be plunged into poverty and loneliness.

These accounts paint a very real picture of the devastating impacts of the crisis and difficult choices many face.



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ASYLUM IN IRELAND: TRAPPED IN A CYCLE

Many asylum seekers were struggling long before the cost of living crisis. They often live on a meagre weekly allowance of 38.80 euros for years – until they receive refugee status, subsidiary protection, or leave to remain. During the wait, many are restricted from building social networks and financial independence so transitioning into their life after receiving paperwork can be demoralising. This can mean poorly insulated and damp houses. Even before the current energy crisis, the first energy bill would inevitably come as a shock. People from migrant backgrounds often support families back home. Some have left their children or spouses. Others have elderly parents or siblings who depend on them. This crisis is forcing many people to make difficult choices about how much money to keep to support themselves and what they send home. It's difficult enough supporting one household let alone two across borders.

Both the Irish Refugee Council and a government advisory group have long called for increasing the weekly allowance for asylum seekers. But the government has refused. The Movement for Asylum Seekers in Ireland (MASI) has also called for asylum-seeking children to be given access to child benefit like their Irish peers to avoid trapping children in a cycle of poverty.

Ireland's housing crisis is a contributor to the struggles of migrants. Around 4000 people with legal status are currently living in asylum centres because of difficulties finding rental accommodation. Many who make it out of asylum centres would take whatever they find, which can mean living in poorly insulated and damp houses, and paying high energy bills each month.

To meet the housing needs of refugees and homeless people, the government introduced the Housing Assistance Payment (HAP) – a scheme where the government, through local authorities, pays the capped rental allowance to the landlord. The problem is that there is so much competition for rental accommodation. At a viewing, you might find 50 people queuing up for the same apartment. And landlords generally prefer not to deal with HAP and its bureaucracies. It is not just migrants, refugees, and asylum seekers who are priced out of the market and competing for a limited housing stock. The national broadcaster recently reported one case of 20 people living in a four-bedroom house. Despite

the shortage and poor housing conditions, the government has neglected the development of social housing, abdicating this responsibility to the private sector.

In response to rising energy costs, the state is providing around 200 euros to help cover energy bills in 2022, with another 400 euros planned for 2023. These one-off payments are not enough: energy costs are rising and you don't need energy once in a while but continuously. Some migrants – including international students and those on work permits – cannot access this support because their visa forbids access to public funds and welfare support. This condition was waived during the pandemic, but the government has so far failed to announce a similar waiver for the cost of living crisis. The result is that non-EU nationals living and working or studying in Ireland are reluctant to seek support. In many ways, the Irish government is placing a bandage on a wound without cleaning it first. In this crisis, our movement is calling on the government to make its relief efforts and support universal. Migrants and asylum seekers contribute to Irish society in many ways. Many pay taxes yet cannot access public support and welfare. As energy companies make record profits, this crisis is hitting the most marginalised the hardest. ■

BULELANI MFAKO

is a spokesperson for the Movement of Asylum Seekers in Ireland. In 2017, he claimed asylum in Ireland, seeking protection from violence and targeted killings of LGBTQ+ people in South Africa.

WOMEN AND GIRLS: PERIOD POVERTY ON THE RISE

As the cost of living continues to rise, millions of women around the world are struggling to afford the products they need to manage their periods. Even prior to the current economic crisis, women were forced to choose between buying food and period products. Charities working to eradicate period poverty speak of a worsening situation. It is a unique and discriminatory impact women face as the prices of petrol, energy, and food skyrocket.

"It's inevitable that when there is a crisis that plunges people into poverty, the level of period poverty will also rise," explains Ella Lambert, founder of the Pachamama Project. "In recent years we have been struck with crisis after crisis – a pandemic, a European war, and now a cost of living crisis. Period poverty will certainly rise."

Although the data is fragmented, it is believed that 1 in 10 in Europe menstruators experience period poverty. In the Netherlands, a survey of young women between the ages of 12 and 25 years found almost 9 per cent cannot afford period products. Over half indicated they find period products too expensive. Four in 10 women in Spain cannot afford their preferred period products, while an estimated 20 per cent find it difficult to afford any products at all. One in 8 Britons predicted that they will struggle to afford period products over the next year.

Girls and women on low incomes in prosperous western Europe are forced to improvise with rags, toilet paper, baby nappies, or even old newspapers when they cannot afford pads or tampons. Even more at risk are homeless and

undocumented women in precarious living conditions. In refugee camps, women not only struggle to access products, they also face stigma about their periods and lack adequate, safe facilities to handle them. Heading to the Global South, half of all women and girls are forced to use items such as rags, grass, and paper each month. Ten per cent of girls in sub-Saharan Africa miss school during their periods.

If access to menstrual products, safe spaces to use them, and the ability to manage menstruation without shame are not available, the impact can be devastating for the physical health, mental wellbeing, and education of women. "We have to get better as a society at responding to period poverty," urges Lambert.

In a trailblazing move, Scotland became the first country in the world to make period products free for all in August 2022. "As the cost of living crisis takes hold, the Period Products Act is a beacon of hope which shows what can be achieved when politicians come together for the good of the people we serve," said Labour Member of the Scottish Parliament Monica Lennon.

Germany reduced the tax rate on tampons and pads from 19 per cent to 7 per cent in 2020. This followed pressure from rights groups who banded together to create an online campaign that gathered more than 180,000 signatures calling for an end to the "luxury tax" on period products. Spain, France, Poland, and Austria have also lowered the sales tax on period products in the wake of protests.

Even though governments can and should work to eradicate period poverty, outside help is also needed. "There is more work required by non-profits to fill the gap as governments don't always have the finances or the will," explains Meelie Pemberton, founder of WingWoman Lebanon. "Reusable period pads distributed by NGOs provide a long-term solution to those without access to hygienic disposable products and reduce the stress of not knowing when they will next get products."

Period poverty makes women feel helpless, and yet there is an easy fix, argues Lambert: "If we provide reusable sanitary products to those who have washing facilities to use them, we eradicate the problem," she says. "Then we have to work to fill the gap for those who don't have washing facilities through working with non-governmental organisations and the state, providing the funding to make sanitary products free and available to all." ■

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OLD AGE IN GERMANY: ALL RESOURCES ARE NEEDED

Poverty among the elderly is on the rise in Germany, especially as the cost of living crisis bites. One in six people over 65 is at risk of poverty. Rising energy costs and the increased price of everyday items will make this winter particularly hard. Tafel, one of the largest volunteer-based organisations in Germany that feeds those in need, is helping more pensioners than ever before.

In Germany, the costs of accommodation and food in nursing homes – which are borne by the care recipient alone – are also on the rise.

Many elderly people live alone, so they bear the full cost of heating their apartments. No one knows whether their pension will stretch to cover their heating bill by the end of winter. Many old people also live with disabilities and illness, so they need a warm homes and can't simply turn down the thermostat. The cost of living crisis is becoming a poverty crisis.

The government has pledged help. All pensioners in Germany will receive 300 euros in December to go towards additional energy costs, and pensioners are now eligible for housing benefits to help meet rising rental costs.

For many seniors, this support will not be enough financially or socially.

Seniors battling poverty are also more likely to suffer from loneliness. In a time of crisis, they become more isolated. That is why governments must do what they can to ensure that elderly people are not cut off. Small, affordable steps such as installing benches can make a difference by encouraging communication and thus combatting loneliness. In Hamburg, the city is keeping public spaces such as libraries warm and comfortable through the winter. Additional spaces for social activities will also be available to allow people to spend time with one another without the pressure to consume.

In this crisis, all resources are needed and local government must make use of their communities. Older people have skills to teach others in their community just as they have things that they can learn. Digital media skills are important for combatting loneliness and can be taught by community members. Volunteers in Hamburg are teaching elderly people how to use devices such as tablets and smartphones provided by the city. After that, the volunteers will offer their skills in meeting places for seniors.

The pandemic exposed how care, ageing, and loneliness are fundamental questions for our ageing societies. The cost of living crisis shows how they are more urgent than ever. ■

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YOUNG PEOPLE IN CROATIA: THE MOST CHALLENGING PERIOD FOR A GENERATION

For several years, especially since the pandemic and now with inflation and the Russian invasion of Ukraine, living costs have been skyrocketing globally. These patterns can also be observed in Croatia. For young people, it is becoming hard to get by as everything from housing and transport to food and utilities becomes unaffordable.

Young people have long faced financial constraints. According to 2022 data from the Croatian Bureau of Statistics, the net monthly salary for fully employed persons in 2022 is between 1000 and 1200 euros, while the legal gross minimum wage amounts to 700 euros. The average net hourly salary for university students in 2022 is 3.89 euros. During the pandemic, many young people lost their jobs or had to pause their studies.

To explore how the high cost of living is affecting young people and persons with disabilities, I spoke to political scientist and founder of Sustainable Development Forum Green Window Marko Popović, and Leonida Kifer, an employee at a social enterprise in Zagreb and an advocate for the rights of people living with disabilities.

When asked about the past 10 years, Popović immediately recognises how the cost of living has sharply risen. "During my studies and 7-year professional career, I have noticed a large increase in housing prices and food prices. Just 10 years ago, the average rent for a studio or a small apartment in Zagreb, shared with only one or two persons, was around 150-200 euros per person. Now, the minimum price is 300 euros. Food costs have also increased by at least 50 per cent. The price of transport remains the same, but due to the pressure of inflation, this is likely to increase at any moment."

People with disabilities face the same issues, with the additional burden of high medical costs and fewer employment opportunities. From her personal experience, Kifer recounts: "The community already doesn't accept us fully; this is our biggest battle. Public spaces are not fully adjusted and accessible – every time I use a tram or a bus, I never know if someone will stand up so I can sit (because I can't stand for too long) or if someone will verbally attack me because I use a walking aid. Higher living costs mean it's even harder for us to integrate into our communities. For persons with disabilities, it is already very challenging to find a job and live a decent life, even without increasing costs. Many of us struggle with frustration and various forms of depression."

However, Popović is confident that green policies can bring relief: "Ever since Croatia became independent, there has been a lack of adequate policies to address housing issues for young people. Green policies should be oriented towards promoting public housing models based on examples of good practices from other European cities. I want to see more student dorms, more apartments with affordable rent, and better rail connections with smaller cities offering more affordable living. Alongside this, we need to work on better youth strategies with a particular focus on eradicating precarious employment and helping young people climb the property ladder. We need to make sure that their rent does not eat up more than a third of their salary," explains Popović.

Kifer also sees plenty of room for improvement. "Currently, people with disabilities are being helped mostly by NGOs. I think there is a need for a systemic approach. Some places in Croatia have introduced local policies that ensure housing, education, and proper employment for people with disabilities. Croatia and other countries must reshape their approach to persons with disabilities and especially young people with disabilities. Instead of constraining us by emphasising everything we can't do, they should encourage us and help us do everything we are capable of."

Young people in Croatia are living through the most challenging period for a generation. However, there is room for hope. By influencing our communities to push for proper policies based on sustainable long-term solutions regarding all aspects of living, Croatia can emerge from this crisis in a way that ensures that the coming decades are fair and inclusive. ■

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NO COUNTRY FOR YOUNG PEOPLE

ARTICLE BY
ANNA TONIOLO

The cost of living crisis follows the pandemic as another blow to young people and their living standards. In Italy, younger generations have been suffering from the effects of precarious work and falling economic prosperity for at least a decade. The result is widespread disillusionment, withdrawal from politics, and a vacuum that only the Right has so far been able to fill.

I I have a degree in sports science. While I was studying, I started working in a gym as part of a student internship. After graduation, they offered me a job as maternity cover and I stayed on. I'm paid in cash, off the books. To make it legal I would have to go self-employed and pay more in tax than I actually make." Francesca [name changed] is a 26-year-old who divides her time between three odd jobs to build up work experience and achieve a minimum of independence from her parents. "I also work at a gymnastics club, but I'm only paid expenses," continues Francesca. "And once or twice a month, on big nights, I bartend at a club." Juggling three jobs is not easy physically or mentally: "I work three jobs to earn 500 euros a month, and I'm exhausted."

In 2020, 11.2 per cent of workers in Italy between 20 and 29 years old lived below the relative poverty line, i.e. they earned less than 10,519 euros per year, which works out at less than 876 euros per month.¹ This percentage exceeds the European Union average by around two points. Italian statistics agency ISTAT reports that absolute poverty among young people aged between 18 and 34 was 11 per cent in 2021.² This means that almost 1.1 million young people cannot afford the minimum expenses needed to lead an acceptable life. To aggravate the situation,

¹ See Eurostat *At-risk of poverty thresholds*.

² ISTAT (2021). "I maggiori consumi non compensano l'inflazione. Stabile la povertà assoluta". *Press release* (15 June 2021).

the pandemic caused thousands of young people to lose their jobs, further increasing precarity and unemployment.

The working conditions experienced by young people in Italy today can be summed up in four words: underpaid, occasional, exploitative, and insecure. A 2021 survey by the Italian National Youth Council based on a sample of 960 young people aged 18-35 revealed that, five years after completing their studies, one third of interviewees were unemployed for over 40 per cent of their time.³ A large majority indicated that they received an annual salary of less than 10,000 euros per year, with 23.9 per cent earning less than 5000 euros.

Twenty-two of the European Union's 27 members have a legally established minimum wage. Italy is one of the five countries without one, along with Denmark, Austria, Finland, and Sweden. In these countries, wages are regulated by collective bargaining. In September 2022, a directive on EU minimum wages was approved by the European Parliament. This aims to increase the minimum wage threshold and strengthen collective bargaining, which does not always cover all sectors in countries without a minimum wage. In Italy, collective bargaining is not mandatory. Some firms and contracts are not covered at all, undermining the rights and protections of workers.

In late 2014, Matteo Renzi's centre-left government introduced the Jobs Act, which aimed to kickstart hiring and help Italy recover from the Eurozone crisis by making work more flexible. In theory, the reform also set limits on the number of times a worker can be hired on fixed-term or "on call" contracts, forms of hiring that fail to guarantee stable employment and income. "These limits have not prevented the unlimited spread of these contracts," explains Nicola Marongiu, labour market and negotiations coordinator for Italy's biggest trade union CGIL. According to Marongiu, 90 per cent of new hires each month are on fixed-term contracts, while young people are often hired on terms that "cannot be defined as work", such as fake internships. "Since 2014, 'extra-curricular' internships are often used for essential work that cannot be constituted as training." The result, Marongiu explains, is that young people become trapped in a pattern of interrupted, stop-go employment that means that their income "is not enough to live on". Throughout this time, young people are failing to build up pension contributions, setting them up for difficulties later in life.

"The fundamental problem is that there are no public welfare policies for young people," adds Silvia Ciucciiovino, a professor of labour law and advisor to the National Council of

3 Consiglio Nazionale dei Giovani (2021). *Condizioni e prospettive occupazionali, retributive e contributive dei giovani*.

THE WORKING
CONDITIONS
EXPERIENCED BY
YOUNG PEOPLE IN
ITALY TODAY CAN
BE SUMMED UP
IN FOUR WORDS:
UNDERPAID,
OCCASIONAL,
EXPLOITATIVE,
AND INSECURE

Economy and Labour. Social protection is targeted at older people and “the welfare state does not address the social needs of young people and families.” An entire demographic is thus ignored by social security, deprived of the possibility of making plans at a cost to personal dignity and drive alike.

FROM INSECURE WORK TO THE DENIAL OF HOUSING AUTONOMY

Precarity and poverty impact young people’s ability to live autonomously. In the European Union, the average age at which people leave the parental home is 26.5 years old. In Italy, it is 29.9.⁴ This high average correlates with some of the EU’s lowest rates of workforce participation among young people. The presence of an adequate and reliable income is a major factor in the decision over whether to leave home. Carlo Giordano, board member of *Immobiliare.it*, cites a recent analysis that found that the average monthly rent for a two-bedroom flat, which rose 8 per cent between 2021 and 2022, is 877 euros per month. This figure does not include bills. Energy and environment regulator ARERA has calculated that average annual bills for natural gas and electricity come to 1730 and 1120 euros respectively. Both have risen sharply compared to 2021 – by 46 per cent for gas and 81 per cent for electricity. An Italian household thus needs over 13,000 euros a year to live in a rented apartment. This represents an increase of 15 per cent on 2021. When seen together with low pay and short-term contracts, the problem is obvious.

“I still live with my parents for now. My contracts are too insecure, and I’m not paid enough to cover rent or any unexpected costs,” says Andrea [name changed], 32. “All my salary and maybe more would go on rent, so I wouldn’t be able to afford anything unplanned like dentist’s or doctor’s appointments, or getting the car fixed.” Andrea’s situation is shared by many young people in Italy. In addition to the lack of social security,

⁴ See Eurostat *Estimated average age of young people leaving the parental household by sex*.

Italy also has scarce social housing compared to many European countries.⁵ Although Italy is among the countries with the highest number of houses per inhabitant, only 3.8 per cent is dedicated to social housing. In Austria and the Netherlands, the proportion is 24 and 29 per cent respectively. As residents tend to stay in social housing for life, it is virtually impossible to access in Italy. All available indicators point to deepening housing deprivation, with young people facing a particularly difficult situation.

The poverty that many young people face has become structural – so much so that it has given rise to changes in the very idea of housing. Nicola Ferrigni, director of the “Generazione Proteo” Observatory, explains how a study of 5000 Italian young people aged 16 to 19, which found that 62 per cent would be prepared to move into a co-living space, a form of residential accommodation with shared communal areas. While half the respondents said that their choice would be based on affordability, Ferrigni sees signs of a “cultural shift that derives from the economic”.

AN ABSENT POLITICAL CLASS

Despite deteriorating working conditions and the rising cost of living, Italy’s political class continues to forget young people and their needs, as it has done for years. “Young people

are excluded from politics,” states Ferrigni, adding that “youth was a key word in the Italian election campaign, but it was only ever used in a tokenistic way.” With nothing concrete on offer, under-35s in Italy stayed home on election day. In September 2022, a far-right-led coalition gained a majority in parliament with over 40 per cent of the votes. Forty per cent of people between 25 and 34 abstained.

“I have no faith in politics. Nobody speaks to me. Most politicians have given no weight to the needs of my generation in recent years,” says Francesca. Andrea agrees. With a disappointed gaze, he explains that he loves politics deeply, but that he has lost his confidence in it. “Regardless of their place on the political spectrum, from the extreme right to the extreme left, I do not see politicians with a medium-to-long-term vision for the country. I am 32 years old. I’ve voted in a few rounds of elections, and I haven’t seen any flash of novelty or vision that could reassure me.”

There are many factors behind the Right’s recent success. For political sociologist Luca Raffini, young people are politically lost as a result of the general and sustained precarity of work and life. “Younger generations find themselves deprived of a collective dimension due to their precarious and fragmented experiences and

⁵ Housing Europe (2021). *The State of Housing in the EU 2021*.

ALL INDICATORS
POINT TO DEEPENING
HOUSING DEPRIVATION,
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FACING A PARTICULARLY
DIFFICULT SITUATION

identities,” describes Raffini. “Politics is a collective thing. How do you build a sense of community if half of the employees in a given workplace are on short-term contracts and are afraid that making any demands could see them out the door?”

The Right capitalised on discontent rooted in worsening living conditions by focusing on the “here and now”. With prices rising, the right-wing coalition promised a flat tax to increase incomes and shrink the state. Never mind that the policy is unaffordable considering Italy’s high level of public debt. It also tailored its proposals to target older voters. There are 16 million people over the age of 50 in Italy, compared to 6.8 million voters under the age of 35.

The majority received by the right-wing alliance led by Giorgia Meloni and her Brothers of Italy party cannot be explained without underlining the novelty the bloc represented compared to a series of governments of different colours that had all tried and somehow failed. Its victory reflects the Brothers of Italy’s stubbornness in opposing Mario Draghi’s technical government, as well as its ability to entice voters by adopting paternalistic rhetoric calling for the state to take care of its citizens in the current crisis. Giorgia Meloni won not so much for her concrete proposals as for her skill in conveying a sense of protection: of the

traditional family, of the homeland and nation, of borders and security.

The major Italian parties attempted to address young people during their electoral campaigns but failed to formulate concrete, long-term proposals that could credibly provide hope to an entire generation. The Right, the left wing of the Democratic Party, and the alliance of the Greens and the Italian Left all proposed reducing taxes on young hires in some form, while the latter supported free public transport for the under-30s. The attention paid to young people by the Five Star Movement was also superficial, centring on making mortgages more accessible for first-time buyers and the introduction of a “right to stay” to combat emigration among young graduates.

All important points, but a long way short of changing the system that has left Italy in its present state. Instead, the proposals appeared disconnected, amounting to patching up the present without looking to the future.

STRESSED OUT AND DEPRESSED

This precarity, prolonged economic dependence, and disillusionment is deeply affecting the mental well-being of the under-35s in Italy, changing perceptions of life and of relationships. “Insecurity starts at work but becomes an existential question when you cannot truly

become an adult and acquire the trappings of adulthood,” argues Raffini. Not only that – insecurity weakens social relations and affects the ability to link the present to the past and the future. “I like the work I do very much, but I am dissatisfied. I feel that I am constantly in search of a level of independence and security that is impossible for me to achieve at present,” adds Francesca. “On a psychological level, you really feel the effects of precarity,” echoes Andrea, stating with regret that he cannot imagine the future, and his one hope is that all these shared difficulties will push people to “bring out the best of the collective”.

Psychologist and counsellor Ambra Cavina argues that unemployment and precarity undermine personal development: “Work is part of building a personal and social identity.” The world of work facing young people today does not give them a chance to explore their limits and their desires. The spiral of social pressure associated with not having a job leads to mental stresses from “anxious-depression to boredom and apathy and isolation and exclusion”. Cavina believes that it is the political class’s responsibility to provide support and create the pathways that promote the wellbeing and mental health of young people, above all by giving them the chance to forge a life path for themselves.

Under-35s in Italy are living in bubbles of economic and job insecurity that can burst at

any moment. Meloni’s right-wing government appears uninterested in employment policies and the needs of young people, whose principal desire is to be able to express their identity and sense of self. Meanwhile, the cost of living is going up, and the gap between job insecurity and the right to housing is growing, leaving young people at the mercy of the future. With proposals lacking, the challenge for Italy’s government and its opposition is to formulate credible and feasible long-term proposals to change a system that is becoming less and less sustainable.

“I am disillusioned but still believe that change is possible,” finishes Andrea with a rueful smile, hoping to remain afloat in a society and in a country that seem to be slowly sinking.



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GREEN ANSWERS TO THE CRISIS

Amid the current swirl of economic turmoil and world events, many Green parties are in power at different levels of government. While political ecology has always emphasised the long term, these forces now find themselves needing to provide emergency solutions to the blowbacks of social, economic, and energy policies designed for a fair-weather world. Bringing together contributions from Austria, Belgium, Croatia, France, and Scotland, we hear how Greens in government are putting forward policies, not without difficult decisions and compromises, that respond to the social crisis in the immediate without letting up on a vision for transformational change.

FROM PURCHASING POWER TO THE POWER TO LIVE WITH DIGNITY

The energy crisis has already been raging for several months in Europe. In Belgium, electricity and gas prices have exploded, triggering an unprecedented social crisis. In case any doubt remained, this has driven home the fact that social justice and environmental sustainability are two sides of the same coin.

In 2020, 21.5 per cent of Belgians faced fuel poverty, defined as the inability to access essential energy at an acceptable cost commensurate with income levels. Since 2020, the prices charged by Belgium's main household energy suppliers have soared. Without a price cap in place, households with variable rate energy contracts may see a two- to fourfold increase in their fuel bills. Given the close link between energy prices and fuel poverty, a large increase in the number of households struggling to meet their basic energy needs is just around the corner. Many "middle-class" working individuals can no longer keep up with rising bills and are turning to social welfare services for help. The situation will worsen as more fixed-rate energy contracts expire.

The different levels of government in Belgium are stepping up to address the situation. (The Greens are in government at the federal level as well as in the Walloon and Brussels regional administrations.) From a Green perspective, three types of measures are needed: emergency support for individuals and companies, structural measures guaranteeing both income increases in line with inflation and gradual redistribution, and investment in the green transition. As financial resources are limited, the challenge is balancing short-term action with the acceleration of the energy transition. This longer-term goal can be achieved in two main ways: targeted support for businesses and households for insulation and renovation, and investment in renewable energy, green mobility, and other transition vectors. The Greens plan to raise funds for these measures through windfall taxes on major energy companies.

Since 2021, an emergency "social rate" has delivered significant cost reductions on electricity and gas for low-income households. A price cap for this section of the population is made possible by government intervention; the state pays the supplier a significant



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proportion of the bill. Twenty per cent of the Belgian population benefits from the cap. This 20 per cent is made up of the country's most vulnerable individuals – those who are eligible for social support or whose gross annual income is below 23,680.87 euros.

The “squeezed middle” will also receive help through bonuses, “protected customer” status, a ban on gas and electricity disconnection, and the discontinuation of rent indexation on poorly insulated homes. In addition, Belgium's automatic wage indexation system boosts real incomes and increases resilience against inflation. Assistance is also available to companies, which are facing both high energy costs and automatic salary indexing (around the 10 per cent mark). Under certain circumstances, companies are permitted to furlough their staff, delay payment of social security contributions and other bills, and apply for one-off aid packages.

The Greens have also negotiated investment in the energy transition – most notably major offshore wind developments – and the renovation of private and commercial buildings to reduce dependence on Russian gas. It is vital to invest today, not only to reach our carbon neutrality targets but also to spend less tomorrow. The cheapest form of energy is the one we don't use.

In the midst of the current energy and social crisis, Belgian ecologists are being forced to accept compromises that sometimes go against their historical ideals. This tension is particularly visible in the debate surrounding the nuclear phase-out. At the same time, the inextricable mix of social and environmental challenges that we are facing requires ecologists to take a systemic view of current and future issues. Social justice is the beacon that lights the road ahead. We are called to stem inequality via economic and social policies, income distribution, and redistribution (particularly via taxation), while guaranteeing the “power to live with dignity” (as opposed to “purchasing power”) and ecological sustainability. Our work is far from over. ■

NEW SOCIAL POLICIES FOR ZAGREB AMID A CONFLUENCE OF CRISES

Despite scarce finances and converging crises from earthquakes to surging energy prices, Zagreb's green-left municipal government is focused on restoring the city's capacity to deliver quality public services, from waste management to childcare.

In June 2021, green-left coalition *Možemo! (We Can!)* won the Zagreb mayoral and city assembly elections, along with the majority of the 17 district and 216 neighbourhood council elections. The coalition was spearheaded by municipalist platform *Zagreb je NAŠ! (Zagreb is OURS!)*, a political force founded in 2017 and allied with *Nova ljevica (New Left)*, *ORaH (Održivi razvoj Hrvatske – Sustainable Development of Croatia)*, and *Za grad (For the City)*. Crony politician Milan Bandić, who over 20 years had slid from social democrat to social conservative populist, was replaced as mayor by environmental activist Tomislav Tomašević.

Zagreb's municipal administration and its public holding company, as well as the city's infrastructure, had sunk into a state of dysfunction and disrepair. The city had run up unsustainable levels of debt and equally unsustainable levels of payment arrears, with interest payments and borrowing guarantees hitting the fiscal brake of 20 per cent of the annual budget.

The coalition was aware that repairing and transforming the city amid the global pandemic and in the aftermath of two earthquakes that severely damaged the city's historical centre and its poorer outskirts would be challenging. No one, however, could foresee the energy shock and soaring inflation deepened by Russia's invasion of Ukraine.

The new green-left municipal administration acted quickly to begin delivering on its election promises to restore the city's structures and services. It immediately restructured and expanded the capacity of the city's administration and its holding company. Twenty-seven municipal offices were merged into 16, and competent heads of office were gradually employed through open calls. The government started consolidating municipal finances and made payments to over 300 public institutions, the lack of which had been crippling the ability of kindergartens, schools, cultural institutions, care institutions, and hospitals to cover material costs.

Most importantly, it began restructuring Zagreb's public utility and service company. The newly appointed board of directors was



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tasked with helping the company recover from operating losses, bringing in-house operations previously outsourced to private companies, reducing the size of the administration, and expanding the frontline workforce.

A public administration overhaul of this scale is unprecedented in recent Croatian politics. Yet Možemo! believes this is essential if the erosion of the public sector is to be stopped and the trajectory of Croatian social and ecological development reversed.

While overhauling the city's administration and its holding company, the green-left municipal government immediately set the course for transformative politics along three axes.

First, expanding public services and returning them to public hands. This entails growing the operative capacity of public utility companies. The waste management sectors that had been privatised are being reintegrated into companies owned by the city. As municipal politics starts from where people live and work, public companies need to regain the capacity to respond to citizens' demands for safe roads and communal and green infrastructure.

Second, improving the provision of childcare and public housing. After a decade and a half of reliance on family-based childcare and religious and private kindergartens, the green-left government is building 21 kindergartens and kindergarten extensions to make public childcare accessible to all. In a similar vein, it has halted the privatisation of public housing and, once fiscal circumstances improve, plans a

significant expansion of public housing to buffer exploding house prices.

Third, the city's urban metabolism has to be made sustainable. The most significant undertaking is the transformation of the entire waste collection and management pipeline. Mobilising every household, this plan aims to significantly increase waste separation, bringing Zagreb closer to its zero-waste goal. Furthermore, pedestrian zones are being expanded and new tram lines and bus routes are being introduced. For the first time, a systematic approach to creating a true network of cycling routes for the city has been adopted. Finally, the municipality has initiated a programme of rooftop solar generation on public buildings that will generate more power than is currently produced by Croatia's biggest solar plant.

In Croatia, the state holds the levers of both energy and social care provision. The government, led by the social-conservative Croatian Democratic Union (HDZ), has released a comprehensive package to counter the energy and the cost of living crises. This package includes caps on energy prices for households (which are projected to go up by 20 per cent for gas and 10 per cent for electricity), price caps on certain foods, and one-off energy rebates for almost 100,000 citizens. As a parliamentary party, Možemo! has also called for windfall taxes, as well as power and insulation programmes that would prioritise energy-poor households. The party has also criticised HDZ members for their involvement in gas speculation through

the former national oil company in which the Croatian state still owns a 45 per cent stake.

The city of Zagreb has complemented the national government's measures with targeted financial assistance for the groups left out of the state package, primarily single-parent families and energy-poor households. More importantly, Zagreb has so far managed to keep down the price of communal services despite galloping inflation (12.3 per cent year on year in July, with salaries rising only 7.5 per cent for the same period). Specifically, with its new waste collection system, Zagreb has pushed the cost onto polluters through variable rates paid for unsorted waste. This has helped to make the city's waste collection service one of the cheapest in the country at 6 euros per household per month. Free bags are also available to certain user categories and diligent sorters.

While social care policy is primarily the state's responsibility, Zagreb provides additional services such as free public transport for socially vulnerable groups including pensioners and people with disabilities, assistance with housing costs, and financial assistance for retirement home residents and the energy poor. *Možemo!* is focusing on long-term social innovations, primarily in community-based, deinstitutionalised care, which is currently almost non-existent for the elderly and other vulnerable groups. Novel forms of community-based care organising are promising to expand care-receiver rights and improve labour conditions for care workers. Presently, care workers are emigrating in droves to higher-wage countries. If these transformative reforms fail to materialise, Croatian society will find itself with an aged population with meagre pensions facing a radical shortfall of care. ■

SECURING TENANT RIGHTS IN SCOTLAND

Renters often suffer a double burden when it comes to the rising cost of living, paying high rents as well as the price of poor insulation. In Scotland, the entry of the Greens into government went hand in hand with alliances with housing movements. Now their radical ideas are becoming policy.

Energy poverty is soaring across Europe. Even before Russia's invasion of Ukraine, a quarter of people in the EU could not afford to heat their homes adequately according to the European Commission. This can partially be blamed on the terrible state of insulation in Europe's housing stock – a problem that is particularly acute for private renters. Renovation (even with generous subsidies) requires a high upfront investment that landlords could instead pour into something with a faster return, such as buying more property. To encourage renovation in private rented accommodation, landlords need incentives. But more than anything, the power imbalance between landlords and tenants needs to be disrupted.

This is where we can look to Scotland for lessons. In 2014, a coalition of different organisations founded Living Rent to influence a Scottish government consultation on housing. The campaign was niche, as were its policy demands such as rent controls, but the group subsequently developed into a national tenants' union. Over the years, Living Rent established branches across mainland Scotland to organise for the rights of tenants. They used classic organising tactics such as door-knocking and repeatedly made small, tangible wins such as preventing evictions. Their success was matched with growing influence over public opinion. By 2019, polling found that 75 per cent of people in Scotland supported rent controls. The niche had become common sense.

Living Rent was also influencing institutional politics. They spoke at events and lobbied parties such as the Scottish Greens at the same time as winning over party members, who amplified their demands. At the height of the pandemic in 2020, Living Rent gained further public recognition after it successfully pushed the Scottish government to ban evictions. Although a temporary policy, the eviction ban set a new direction for tenants' rights policy in Scotland – a precedent that only aided the Scottish Greens.



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During the 2021 Scottish parliamentary elections, the Greens campaigned on a host of Living Rent demands. The party's record result led them into power with the Scottish National Party and a cooperation agreement that had the fingerprints of Living Rent all over it. For example, the agreement promises rent controls to be implemented by the end of 2025. In September 2022, with the cost of living crisis increasing the risk of destitution for many, the Scottish Parliament passed a rent freeze coupled with new protections against eviction. The Green Party publicly called for the rest of Europe to follow suit.

While rent freezes and eviction protections are common-sense policies for the welfare of tenants during the cost of living crisis, a more long-term approach would be rent controls. And this goes beyond the price of rent. For example, with 75 per cent of EU buildings deemed "inefficient" in terms of insulation, governments could refuse to allow rent indexation unless properties have sufficient insulation. The Overton window for interventionist policies has shifted thanks to the cost of living crisis. Greens around Europe would do well to take advantage and push through radical policies that would previously have been unthinkable. What the Scottish case demonstrates is that, with strong community organisations doing the work on the ground, the Greens don't have to do quite so much of the heavy lifting. ■



TACKLING LYON'S HOUSING INSECURITY CRISIS

With housing precarity rising in the city, Lyon is taking emergency steps to provide shelter to homeless and poorly housed people and is working to develop long-term responses. But the lack of affordable housing facing Europe's cities cannot be solved at the local level alone.

Europe's major cities are facing an unprecedented housing crisis. Land and construction costs are exploding. With rising interest rates, mortgages are unaffordable for many households. The hardest hit are the poorly housed. In the Lyon metropolitan area, 20,000 people fall into this category. The city's green-left metropolitan council, which was elected in 2020, has made addressing this housing insecurity crisis its priority.

Lyon is one of a number of local and regional authorities in France to have implemented a Housing First plan [offering housing to homeless people without any preconditions]. This was rapidly implemented and has benefited more than 850 people in the city to date. The metropolitan council is building additional social housing to meet high demand and, in a number of areas, has blocked new construction projects that fail to provide a given portion of social housing. The city is also using its current housing stock to help ease the housing crisis via a twofold approach. First, developing transitional urban planning by using temporarily vacant buildings as transitional housing for homeless people. And second, building partnerships with the people occupying these sites to include them in longer-term housing solutions.

A priority demographic for the council, 18- to 25-year-olds in the Lyon metropolitan area receive a "solidarity income" of up to 400 euros per month – a first in France. But this sum is insufficient if the recipient is homeless. The Lyon Métropole – with the help of the EU funding programme for Employment and Social Innovation (EaSI) – is providing its young people with targeted housing and employment assistance in order to prevent this.

The fight against housing precarity also involves the provision of accommodation to people who have experienced migration, including those who have been forced to seek asylum. Over the past year, 1500 people in this situation have been sheltered in Lyon. In particular, we were keen to take in young people who are appealing in court to be recognised as minors. The metropolitan authority, working in cooperation with NGO Le MAS and with the



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help of co-financing from the French state, has provided 92 places for young migrants. Single mothers with children under the age of three are accommodated in small houses on two sites. Another site co-financed by the Lyon Métropole and the French state, Les Grandes Voisines, promotes migrant integration through employment. Although the Lyon Métropole is pursuing all possible options to get people off the streets, these will never be enough. To address the housing precarity crisis, the French government must commit to developing a more ambitious Housing First programme. Not only do cities need dedicated European Union funding to scale up this work; they also need housing security to become a key issue at a European level. This is an excellent opportunity for the development of a new social and urban agenda. ■



SMALL STEPS TOWARDS A 21ST-CENTURY WELFARE STATE

The Green project for the Austrian welfare state is to carry it beyond a model based on male breadwinners and connect it to the issues of our time, from climate change to demographic ageing. Crises from the pandemic to energy shortages have shown that the need for such reforms is more urgent than ever.

Austria is an example of a conservative-corporatist welfare state. After the country's experience with national socialism, the leaders of its Second Republic built a steady social partnership between employers and unions that was the basis for economic growth until the 1980s. This compromise helped Austria – a small country dependent on the economies of its larger neighbours – to build a welfare system that ensured prosperity for a large part of the population.

However, economic inclusion for working-class people failed to develop a concern for social mobility or political participation. Moreover, Austria's welfare system stayed grounded in a 1950's vision of society that jars with the realities of the 2020s. Families with working fathers are guaranteed support, while marginalised people are seen as responsible for their own predicaments. Social protection measures, targeted at heads of households, are often not available to individuals. Low-threshold support is available to help combat social exclusion caused by violence, debt, illness, and disability, but intra-institutional cooperation on such challenges is poor.

This model of social protection is ill-suited to today's Austria. More people than ever work insecure and seasonal jobs. Cohabitation outside of marriage is growing. In an ageing society, elderly care (as with childcare) is still seen as a private task for women in the home. Such attitudes mean that the care professions have a low social status and are poorly paid.

Meanwhile, the structure of Austria's welfare system makes it difficult for it to adapt to challenges such as the impending climate catastrophe and the fallout of Europe's energy dependence on Russia. The Greens entered government in January 2020, shortly before the outbreak of the pandemic and just as these problems were beginning to enter the public consciousness.



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The Green Party's priorities for the Austrian welfare system were to increase the level of public funding earmarked for combating poverty, integrate the marginalised into society, and improve cooperation between social institutions. They were especially keen to implement just transition programmes and build resilience against marginalisation. The Greens were also committed to promoting measures that would halt the decline in middle-class living standards. Then Covid-19 hit.

In the wake of the pandemic, the government identified 700,000 individuals (around 8 per cent of the population) as economically vulnerable and eligible for support. The bureaucratic difficulties in reaching these people exposed the fissures in the system. Reduced working time schemes were put together quickly, and extra support for households with children was easily provided alongside family allowance payments. However, the system struggled to reach self-employed people and businesses quickly enough.

In the end, Austria managed to come out of the pandemic quite well. Since spring 2022, the country has seen record employment and low unemployment rates. The war in Ukraine has not slowed this trend, even as inflation has worsened. Nevertheless, as a result of the pandemic the Greens have been unable to introduce many of their planned structural reforms. The one notable win was the carbon tax, which is automatically paid out as a "climate bonus" to the entire population on an annual basis.

In response to the inflationary impact of the Russian invasion, top-up payments to the most vulnerable were increased, and a certain level of support for energy bills was introduced. However, sharp rises in both prices and tax revenues raised the question of how additional funds could be used most effectively. On the one hand, they had to benefit all population

groups to ensure that as many people as possible continued paying into solidarity-based systems such as the health system, unemployment insurance funds, the pension system, and other forms of insurance against poverty and marginalisation. On the other, it was important – at least for the Greens – to ensure that people on lower incomes and those at risk of marginalisation were not left behind.

The result is a basket of measures. Tax thresholds will automatically be pegged up by two thirds of the inflation rate every year, while tax benefits for low earners and social and family benefits will be adjusted annually for inflation from 2023 onwards. The climate bonus for 2022 has been increased fivefold, and a "power price brake" has been set to encourage users to save energy. Moreover, substantial subsidies are earmarked for businesses that switch to more energy-efficient production methods.

The Austrian Greens entered government to drive both ecological and social change. Their aim is to enable more freedom and creativity for individuals through social security reform, as well as to ensure that Austria uses its room for manoeuvre (as one of the richest societies in the world) to combat climate change. The pandemic upended the rules of the game, and by no means could all these challenges be tackled at once. Nevertheless, when it comes to social security, the government proved capable of increasing financial assistance for the most vulnerable, introducing annual social benefit adjustments, and beginning the work of approaching social and environmental policy as one.

The risk of poverty and marginalisation still hangs over too many people in Austria. The welfare institutions that should be reaching out to them still have to learn to work together. The good news is that small steps are being taken to make this a reality. ■



THE SLIPPERY SLOPE OF THE ENERGY DESCENT

ARTICLE BY
SWEN ORE

The EU's current energy scarcity is unlikely to be temporary, and Europe's poor are bearing the brunt of it. Try as they may, member state governments will be unable to solve this problem by relying on new fossil fuels, nuclear power, and recommissioned coal plants. They will have to find ways for European societies to use less energy. Swen Ore considers the concept of "energy sobriety" and explores rationing and progressive energy pricing as socially just ways of managing the energy descent.

With Russian gas to Europe disrupted and an energy crisis looming, rationing is back, albeit in disguise. To avoid a clash with the ideological underpinnings of our society of abundance, instead we are more likely to hear the terms "reduction of consumption", "demand management", "sufficiency", and even "energy sobriety".

But what exactly is energy sobriety? And, even if it remains somewhat taboo, could the principles of rationing offer an alternative to the current state of rising energy poverty amid ecological crises?

The term "sobriety" has a very particular resonance to ecologists. For the philosopher Ivan Illich, a radical thinker whose writings inspired the nascent political ecology movement, sobriety conveys an anti-productivist understanding of society based on an ethic of "conviviality", which encourages people to maintain autonomous and creative relationships with each other and with their environment. As he wrote in *Tools for Conviviality* in 1973, "People will rediscover the

value of joyful sobriety and liberating austerity only if they relearn to depend on each other rather than on energy slaves.”¹

When applied to energy, sobriety reflects a long-term political vision for a society empowered to escape from the cycle of repeated crises by becoming less dependent on energy. It is not about simply saying that “we” should consume less, as if social inequalities did not exist. Rather, it challenges us to achieve structural change in energy use that is both democratic and socially just.

SOBRIETY OR SUFFICIENCY?

At first glance, the use of the term sobriety may lead to confusion with the fight against alcoholism. This was experienced at first hand by French green thinker Luc Semal, one of the authors of the landmark publication *Sobriété énergétique*, during his first meetings with grassroots organisations.² But once the misunderstanding is dispelled, the metaphor remains. As with alcohol, we have a civilisational thirst for energy. Both should properly produced, well chosen, and consumed in moderation, and, like alcohol, the abuse of energy can be destructive to both physical environments and social structures.

In the English-speaking world, the term energy “sufficiency” is more frequently used than sobriety. For the purpose of this article, the two will be considered equivalent. Both concepts recognise the need to say “enough is enough” and create an alternative to our societies’ insatiable use – and indeed wastage – of energy.

Energy production and consumption in France – including the embodied energy of imports – have grown continuously since 1945. Various energy management have been tried out since the 1990s – even earlier if we consider the anti-waste campaigns of the 1970s – but these policies either focused on energy efficiency or were nothing more than gesture politics.

The story is the same for the energy policies of the European Union. In 2012, researcher Maria Edvardsson was unable to find a European Commission text that dealt directly with the concepts of energy sobriety or sufficiency.³ Little appears to have changed. When the terms do appear, their use reflects a confusion with the notion of energy efficiency.

The dominant discourse around energy saving remains deeply embedded in the growth paradigm, in which technical innovations have the upper hand. The influential work

1 The term “energy slave” refers to the quantity of energy needed to replace human labour. Ivan Illich (1973). *Tools for Conviviality*. New York: Harper & Row.

2 Bruno Villalba & Luc Semal (eds) (2018). *Sobriété énergétique. Contraintes matérielles, équité sociale et perspectives institutionnelles*. Versailles: Éditions Quae.

3 Maria Edvardsson (2012). *La Sobriété énergétique dans la politique de l’énergie de l’Union européenne. L’inexistence au niveau européen d’un concept important dans l’atteinte des objectifs énergétiques et climatiques*, Rapport d’expertise de M1, IEP de Lille.

ENERGY SOBRIETY REFLECTS**A LONG-TERM POLITICAL****VISION FOR A SOCIETY****EMPOWERED TO****ESCAPE FROM THE CYCLE****OF REPEATED CRISES**

of American social theorist Jeremy Rifkin on the “third industrial revolution” expresses this most clearly. According to his vision, internet technology and renewable energies will allow hundreds of millions of people to produce their own green energy. These decentralised infrastructures will replace our ageing nuclear-, gas-, and coal-based systems. This new world of highly interconnected technologies will create millions of jobs and “countless new goods and services”, perpetuating economic growth.

In this context, energy saving is seen as a possibility offered by technical innovations to cut production costs and accelerate the production of new technologies to shift toward a decarbonised economy. Energy efficiency pushes the boundaries of growth forward, thereby ultimately leading to greater global energy consumption. It is this line of reasoning that led French president Emmanuel Macron to declare in February 2022 that, in order to reduce France’s energy consumption by 40 per cent, the country has to “grow in *sobriété*”. He stated that this can be achieved “without self-deprivation” by means of “innovation [and the] transformation of our industrial processes”.

For ecologists such as Luc Semal, this does not represent the emergence of the society they dreamed of. The energy sufficiency they strive for is political. It concerns the fair distribu-

tion of energy reduction efforts, not the development of technological

innovations. For them, sufficiency is about rethinking global energy demand. To do this, we must also rethink the economic foundations of our democracies.

THE “NATURAL CONTRACT” AS AN AMENDMENT TO THE SOCIAL CONTRACT

In capitalist democracies, access to energy is expressed either as a right for the poorest or as a freedom for the richest. As such, efforts to green these democracies – which implies policies that reduce global energy consumption – give rise to fears of insecurity among some and, among others, the sense that their freedom and way of life are under threat. Energy sobriety thus requires the redefinition of a social contract in which resource limits are finally taken into account to collectively define what “enough” actually means. Philosopher Michel Serres calls this the “natural contract”.

The objective here is to reduce inequalities through the creation of new mechanisms of solidarity based on resource scarcity rather than abundance. The concept of sufficiency is a challenge that can make discussions over energy more tangible and demands a rethinking of equality and justice through the lens of energy consumption.

The purpose of such a policy is to anticipate – in a democratic fashion – what economist Christian Arnsperger and philosopher Dominique Bourg describe as “a forced return to sufficiency, in inequitable and violent forms, that destroys authentic human dignity”. In other words, the rise in energy poverty amid the current crisis.

RATIONING AND COLLECTIVE SUFFICIENCY

European history is replete with examples of rationing policies introduced during wars or oil crises. Governments are quite capable of intervening drastically and fairly in the market when required. However, these policies are only accepted by populations insofar as they can offer both fairness to the poorest and security to the richest.

In France, rationing remains associated with the German occupation during the Second World War, when it was used as an instrument of deprivation. But the French experience of rationing twenty-five years earlier, during the First World War, shows how it can also be used to fight social injustice and overconsumption.

In 1915, the war drove up inflation on food products and coal. The first government intervention to tackle this involved obliging retailers to display average food prices in shop windows alongside their own. However, costs

continued to skyrocket, and tensions rose in the population. In response, the government decided to set maximum prices in 1916, first for sugar and coal, then gradually for other staples. But this also failed to curb increasing inequalities.

In 1917, Parisians demanded that the government go further by rationing coal. In spite of initial resistance from the parliamentary majority, the decision was taken to limit its purchase by the upper classes, thus ensuring access for all. This political decision was well received by a public that could no longer afford a resource that had become rare and too expensive. The fact that the setting of prices and quantities by the government only occurred as a last resort and under popular pressure is worthy of note.

The implementation of coal rationing required significant administrative reorganisation. The Ministry of Armaments decided on the national allocation of coal via the National Coal Office, which then organised distribution at the departmental level. The key principle of this policy was “one fire per household”, which of course disadvantaged the wealthy. The coal allowance could be slightly increased for larger households; this tended to benefit the working classes.

The political wrangling that took place in the parliament and the senate on the introduction of coal rationing pitted the interests of the

(more rural) producers and owners against those of the (more urban) consumers and workers. In the end, this public intervention in the market and the private sphere succeeded in easing social tensions and safeguarding social cohesion through to the end of the war.

Rationing was also a feature of the oil crises of the 1970s. When the Yom Kippur War broke out in 1973, OPEC imposed an oil embargo on countries that supported Israel, including the Netherlands. As a result, oil prices quadrupled, and the Dutch authorities had to act quickly. From November 1973, private cars were banned from driving on Sundays. In January 1974, this restriction was replaced by oil rationing via a coupon system. The objective of this measure, which was supported by oil companies and the den Uyl government, was to reduce demand in line with the decline in imports, i.e. 30 per cent. After one month, however, imports resumed, and rationing was abolished. The government subsequently continued its energy reduction programme by limiting speeds on the roads.

In our current context, it is reasonable to assume that energy rationing would successfully anticipate oil depletion, reduce greenhouse gas emissions, and limit the human activities that are causing biodiversity loss. But how feasible would it be to introduce energy rationing outside of situations of war and acute crisis? The historical exam-

ples presented above differ from our current context in at least two ways. First, the ecological crisis is not temporary. The goal of implementing a sufficiency policy would be to establish a “new normality”. And second, energy dependence is greater now than ever before. Oil in particular appears to be impossible to replace in the transport sector without initiating profound changes in infrastructure and mobility services.

FROM THE ENERGY CRISIS TO A “NEW NORMAL”

Returning to the present, disruptions in the supply of Russian gas to Europe have caused prices to rise dramatically. These price hikes have mainly affected the most vulnerable in society and have forced EU governments to take a range of much-discussed emergency measures: energy price caps, reduced VAT rates, super profits taxes, windfall taxes on energy companies, subsidised social rates extended to lower-middle-income families, and energy allowances for households and businesses.

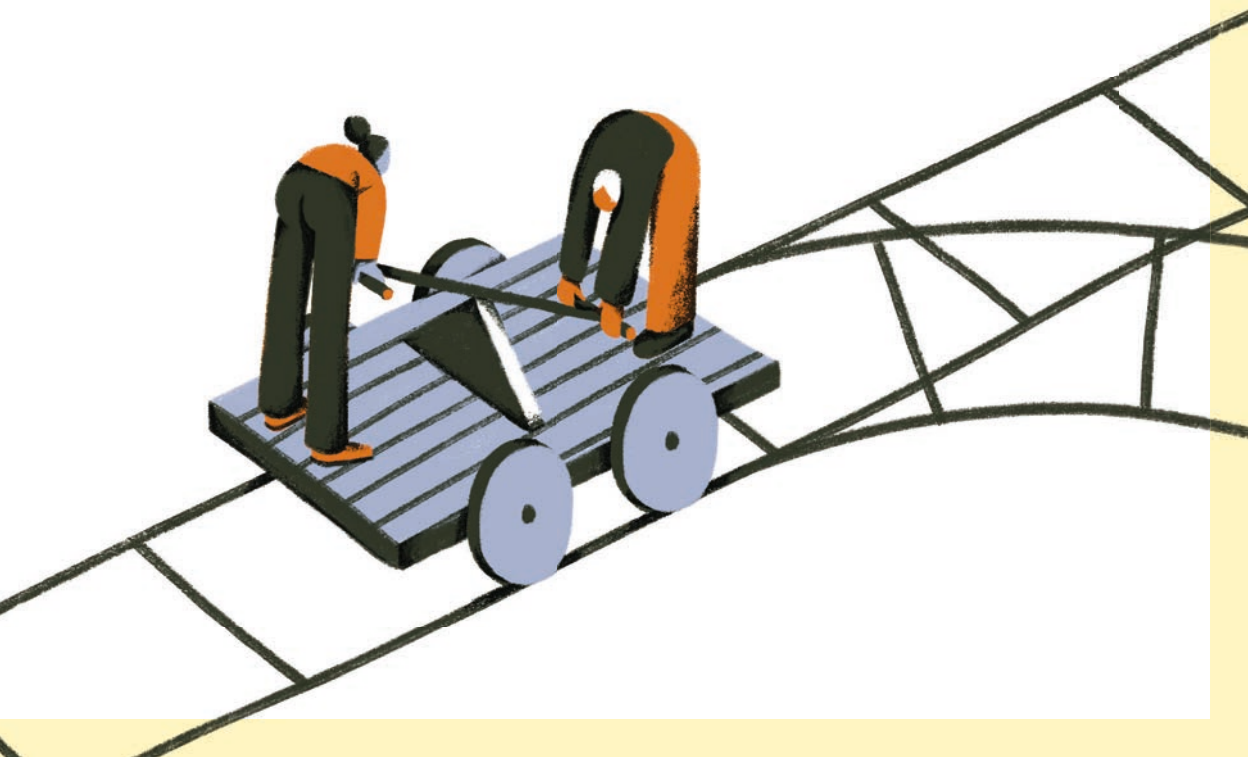
The common denominator of these measures is that they focus solely on prices; quantities and uses never enter the equation. No distinction is made between the heating of water for a shower and for a private swimming pool, or between a mile travelled to go to work and one travelled for sightseeing. This, however, is the

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crux of the problem. How can we justify subsidising kilowatt-hours that are put to pointless or even extravagant uses ? How can we agree to pay collectively for certain practices that are incompatible with our ecological commitments?

A solution to this problem is the progressive energy tariff, which helps us to make a distinction between uses. Under this system, the first kilowatt-hours consumed are inexpensive, and prices then increase in stages. A progressive tariff thus guarantees that essential needs are met, while large consumers pay a premium. A well-known formula by political scientist and journalist Paul Ariès sums up this approach: “free use and expensive misuse”.

It is no mystery that energy consumption (and therefore CO₂ emissions and other environmental impacts) increases with income; a progressive tariff is therefore also a social tariff. This principle can also be applied



to businesses and industries based on their ecological, social, and economic impacts in order to maintain and increase our collective power to live with dignity.

In his interviews with people who unwillingly endure energy sufficiency in their daily lives, Luc Semal found that explaining the concept sometimes led them to reverse the social stigma around this issue: “Overconsumption is the preserve of the rich, while sufficiency can be the virtue of the poorest. A more political conception of ecological inequalities then emerges, which goes hand in hand with a critique of economic inequalities.”

A more radical way still to distribute energy equitably would be through personal quotas. The system of Domestic Tradable Quotas was first proposed by policy analyst David Fleming in 1996. Under this proposal, a carbon budget is set at the national level. This is then divided into individual emission rights. Everyone in a given society would receive the emission rights necessary to purchase fuel or electricity (alongside the normal financial payment). The sale and purchase of rights would be authorised, but no further emission rights could be issued, which would produce a redistributive effect.

Many variants of this idea have been developed including personal carbon trading, personal carbon allowances, and end-user emissions trading. Proposals for such a scheme even gained

considerable government interest in Britain in the early 2000s. However, during the tumult of the 2008 financial crisis, the UK government declared that it was “an idea currently ahead of its time” and simply abandoned it.

THE SLIPPERY SLOPE OF THE ENERGY DESCENT

Paradoxically, it seems that the more energy a society consumes, the less people are aware of its materiality. If abundance relegates the management of energy to the private sphere and, considering voluntary simplicity, to the moral and philosophical sphere, its scarcity brings it back to the political field. In a zero-sum game, one person’s consumption may be at the expense of another’s. This interdependence is the first stage of politicisation.

A social contract will not be enough, however. The principle of gradually diminishing aggregate quantities requires a kind of “natural contract”. As nature is unfortunately not able to speak for itself, limits would have to be set rather than externally imposed. However, it is the very purpose of political institutions to organise and administer distribution, arbitrate needs, and prioritise uses.

The drastic travel restrictions imposed during the Covid-19 crisis showed that the rapid implementation of policies is possible, but also that such measures highlight inequalities that

can imperil their acceptance. Effective rationing policies can only be achieved in the long term if they recognise the experiences of the groups for whom scarcity is a daily reality. Failure to build fair and united mechanisms for organising energy rationing (such as progressive energy tariffs) could lead to large-scale social conflict due to shortages.

At the time of writing, the war in Ukraine is leading to a major energy crisis. While states are adopting measures to support people on low incomes, it is clear that this is not just a matter of price but also of usage and supply, pushing policy-makers in the direction of rationing. In France, the term “*sobriété*” is no longer a dirty word. President Emmanuel Macron himself promised a “plan de *sobriété énergétique*” to dispense with Russian gas in July 2022.

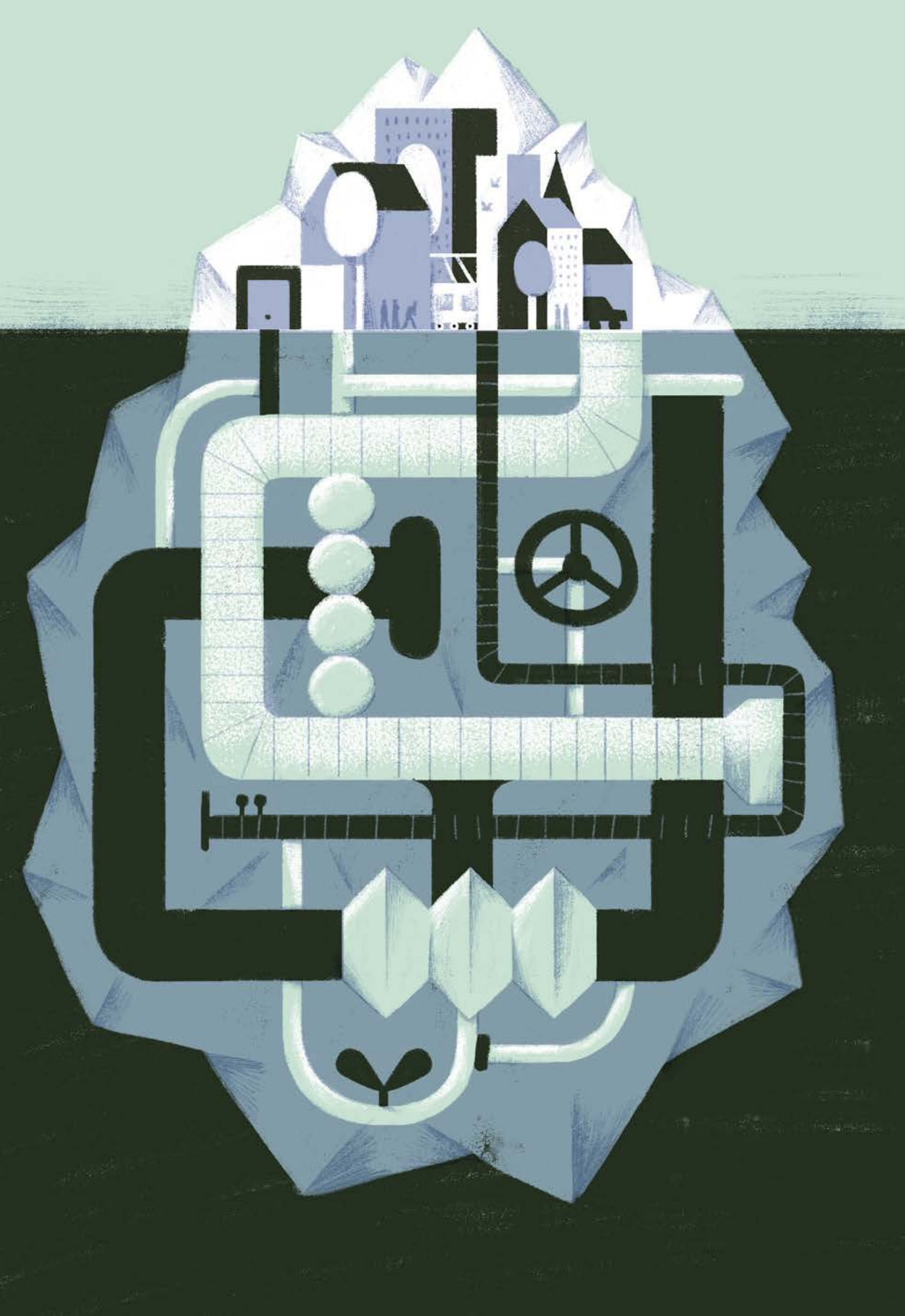
Once more, sufficiency policies are being implemented in response to crisis. In *Sobriété énergétique*, the authors question whether our democracies are actually capable of proactively choosing energy sufficiency as a means of bringing about a truly ecological society. What is undeniable, however, is that energy is a matter of democratic debate. Today’s concerns about energy prices should not obscure the twin crises looming large before us: the fragility of our energy supply and the need to organise a large-scale energy revolution, which will necessarily imply sufficiency.

The use of energy, as a limited resource, should contribute to the global common weal. Building a system of energy distribution that makes a distinction between uses is the best way of tackling both rising energy prices and overconsumption. As environmental sociologist Mathilde Szuba writes: “Unthinkable? Unfeasible? Not really, and in fact, we’ve done it before.”



SWEN ORE

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PRICES DON'T HAVE TO RULE THE WORLD

AN INTERVIEW WITH
RUPERT RUSSELL

When headlines report shocks, whether war- or climate-related, this provides a context for price hikes on everyday goods. What is often overlooked, is the role financial speculation plays in dictating what consumers pay. These decisions, which escape legal and public scrutiny, can be impulsive, and fuel a sense of scarcity for the sake of profit-making. In this conversation, *Price Wars* author Rupert Russell explains the outsized role of financial markets in our current crises and why politics cannot afford to let them run wild.

GREEN EUROPEAN JOURNAL: Looking around the world today, we see many signs of scarcity: wars and sanctions, energy shortages, heatwaves causing crops to fail... Is this scarcity at the root of the current cost of living crisis?

RUPERT RUSSELL: Amartya Sen famously said that all famines are human made. He points to a genuine shortage of food as the cause of certain famines in history that killed people on a horrific scale. But he also explains how, since the formation of modern markets and the global economy, local shortages no longer matter that much because almost all the world, except for some isolated regions, is plugged into global markets.

Sen's point is worth keeping in mind when we see headlines around shortages and the cost of living crisis. In the US state of Mississippi between 2017 and 2019, 15 per cent of the population suffered from food insecurity. That means that they could not always afford to eat an adequate meal. Was this hunger caused by an absolute shortage of food? The answer is no. Price is the central prism through which we have to see modern poverty. The reason for food and energy poverty is simply that people cannot afford what they need.

PRICE IS THE
CENTRAL PRISM
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But surely the war in Ukraine has a lot to do with the cost of living crisis?

Food and oil are global commodities that are more or less interchangeable. They are abundant and are sold all over the world regardless of war. We see headlines about the war, stranded wheat in silos, and Russia and Ukraine being jointly responsible for a quarter of the world's wheat exports and then think that the sharp rises in food prices are rational. However, the price of all these internationally traded commodities dropped significantly in June 2022. What happened with supply and demand? Was there a ceasefire in Ukraine? Was an embargo lifted? No – the US Federal Reserve announced an interest rate rise of 0.75 per cent, and every single financial asset from Meta to crypto to commodities dropped.

Not only is the scarcity story around the war in Ukraine overblown and disconnected from the realities of the markets, these are not even physical markets – they're financialised markets. The prices of financial assets are set by speculators, and nothing shifts the narrative more than the Federal Reserve. The gas situation is more complicated because it is a commodity that is hard to move, which is why pipelines are so important, and why Russia has been able to play games with Europe since the 1960s. It is also why the bombing of the Nord Stream pipelines is so significant. That said, we are rapidly moving towards a global market for liquefied natural gas as new infrastructure is built.

What we need to remember is that markets are social institutions, and it is their dysfunctions – whether Putin using gas as a weapon or the dynamics of financial markets – that are creating a sense of scarcity. We are seeing extraordinary failures of the institutions that we've built to distribute goods around the world. It is precisely the diagnosis that Amartya Sen gave for famines or what in the West are called "cost of living crises", and many people may very well go hungry and die because of it.

Financial speculators may well be aggravating the cost of living crisis. But isn't environmental change what is making food, resources, and water more scarce?

I'm no expert on the future of food production, but there have always been discourses of scarcity. You saw them in the 1920s and the 1970s; they go in and out of fashion. They also play into the idea that the world is overpopulated, and we're soon going to have to start eating each other. Food prices were really low between 2014 and 2021. Now people see the news about a drought in India or a fire in California and think that is why prices are high. Has there been an increase in droughts and fires that specifically accounts for prices tripling? I would argue no.

The way we have built the modern commodity market means that any perceived downturn in production can be escalated into a global crisis or shock. We're getting more and more data – whether directly from farms or from satellite data companies. This data feeds into these algorithms, and they amplify these effects. A critique of the climate movement is that it feeds into narratives of scarcity, which then further contributes to artificial volatility through the markets.

How does algorithmic trading work?

Algo-trading can take any form. There are lots of trend-following algos out there – algorithms looking for trends and betting on them. If there is a news event, a war, a pipeline blowing up, or whatever – a bot reads it and trades on it immediately under the logic “it's better to be first than to be right.” The impact is that you get a lot of intra-day volatility. We've seen 30-dollar-a-day swings in the price of oil because of the war in Ukraine. One day, headline about embargoes on Russia. Bam, price hike. Next day, headline: Russia is going to sell their oil to India, right – sell.

The crazy thing is that we have no idea what these speculative strategies are. Hedge funds that trade in these ways – Renaissance Technologies being the most emblematic – are very secretive. The price of food and fuel is so important to our lives, to security, to the economy, and to political stability, but then you realise that these decisions are made in a complete black box. We're in a world where the decision-making behind the very things that govern whether we can afford to eat and heat our homes is secret, and where this secrecy is both protected by law and normalised. It is a sign of the madness of the market system that rules our world.

You travelled throughout northern Africa and the Middle East during the Arab Spring. In 2022, we've seen major protests from Sri Lanka to Iran to Chile. Why do price rises have such an incendiary effect?

The link between political instability and high prices for essential goods is as old as history. In Roman times, the emperors provided bread and circuses to keep the people happy. During the French Revolution, there was “let them eat cake.” These centuries-old comparisons re-emerged in a very vivid way during the post-2008 global food crisis, which was one of the driving forces behind the Arab Spring. Since 2021 there have been similar protests in at least 50 countries including India, Indonesia, Iran, and Tunisia.

All governmental systems – monarchies, dictatorships, democracies – rest on an implicit agreement between the ruler and ruled that life must be liveable. The historian Steven Kaplan once wrote that it was Charlemagne who established the state as the guarantor of the price of bread in Europe, with the king as the “baker of last resort”. This stays with us today.

Protests that happen during food price spikes are not necessarily mechanical responses to hunger but rather to the failure of a government to do its job, symbolised by high prices. In some ways, Europe's cost of living crisis began with the *gilets jaunes* protests

between 2018 and 2020 in France, sparked by the introduction of taxes that increased the price of petrol. The same happened in America. Petrol prices can become a lightning rod for protests and instability. With all these neoliberalism, house prices can also be integral to social contracts. Houses have become more than just a place to live; they are a form of financial security in place of the social safety net that has been eroded. In the context of the current crisis, we need to stop thinking about these different commodities as separate markets that reflect what is going on in the real world and realise that they are all part of the same financial house of cards.

Governments in Europe are subsidising energy to help contain the cost of living crisis. Meanwhile, central banks are raising interest rates to curb inflation. What do you make of these responses?

Politicians and central banks have found themselves backed into a corner. The war in Ukraine has turned what seemed like transitory inflation created by the pandemic and the supply chain crunch into something much more durable. So central banks have felt forced to respond with interest rate rises.

On the one hand, the politicians who were almost laughing at the idea of price controls as recently as early 2021 are having to impose them because populations and businesses are

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simply unable to pay their bills. The question is: who pays, and who benefits? There is an assumption on the part of both central banks and elected politicians that this crisis is rational and reflects an underlying reality. This is resulting in enormous transfers of public money to commodity producers – all because of the price rises that have been massively inflated by speculators' overreaction to the war in Ukraine.

On the other hand, it is true that if you raise interest rates high enough, you will bring down inflation. But when [Federal Reserve Chair] Paul Volcker did this in the early 1980s, he not only engineered a recession in the United States but also triggered a developing-world debt crisis that went on for decades. The humanitarian cost of this strategy was extraordinary, and the contagion effect from the Global North to the Global South multiplied the human suffering and misfortune caused exponentially.

We need to ask ourselves whether there isn't another way to deal with this. Intervening at the price level is definitely a short-term fix. So far, governments have preferred to fork out cash even though regulation could be just as effective. Just think how much renewable energy such an investment could create over the next two or three years. What is happening in the United States – and I think this is a step in the right direction – is a movement towards “supply-side progressivism”. The idea is to improve efficiency, increase productivity, and decarbonise as quickly as possible.

So the role of the state will have to grow to fill the shortfalls?

It's common sense. In France, we have seen the massive nationalisation of the country's main energy producer because they simply had no choice. Governments have been backed into this corner because, for over 40 years, we've lived under the markets. It was a system that worked but that was extraordinarily fragile and had all kinds of interdependencies within it. The fragility metaphor extends all the way from the financial

system to supply chains. Europe's dependency on cheap Russian gas was one of the greatest fragilities. As far back as 2012, then-Polish prime minister Donald Tusk was warning that relying on Russian energy was really not where Europe wanted to be.

Over 40 years of neoliberalism, the shock absorbers have been hollowed out of the system. Now we are bouncing from crisis to crisis. We have to start unwinding that fragility.

The crisis of 2008 provoked discussions on the reform of the financial system. But many of these conversations subsided as the economy recovered. Does the cost of living crisis bring these bigger economic questions to the fore once again?

I shied away from making too many policy prescriptions in *Price Wars*. The one message I wanted to convey is that we are living in a world of prices, but are in denial. Prices provide the structure of constraints and opportunities that we all live in – from Biden and Putin to Mark Zuckerberg – and enable and limit all our decision-making and ability to act. These numbers run the whole world.

This endpoint was the whole purpose of neoliberalism. It was an anti-democratic project to say that markets are more efficient voting systems than democracies, with their special interests and trade unions. We're living in that world now, but it was a political decision to empower prices, and prices in turn constrain politics. What we need is a political imagination that tries to move beyond that, and this is what I see people in some parts of the green movement trying to do when they talk about degrowth or decommodification.

Recessions and periods of inflation are very difficult for progressive forces as they are often followed by austerity and the rise of xenophobia. What narratives should Greens and progressive parties use to explain the current period of insecurity?

During the early days of the pandemic in 2020, there was a brief sense of “we’re in it together”, which flourishes when the state intervenes in a big crisis and is backed by a sense of collective action. I think this was real. It’s not a made-up story. People care.

We don’t need to treat people as atomised consumers. They recognise that being given 400 euros to help with their electricity bill that’s gone up by five times that amount isn’t really helping them. People’s household budgets will speak for themselves. The atomistic neoliberal contract becomes implausible when your pay just doesn’t match your outgoings.

The Greens and the centre-left in a broader sense need to offer a response that can lean into feelings of patriotism, community, and collectivism. Here’s a collective answer to your individual problem. It’s an exact flip of the neoliberal idea that for every systemic problem you need an individual solution. The time has never been better for that break.



RUPERT RUSSELL

is a writer and filmmaker. He is the author of *Price Wars: How Chaotic Markets Are Creating a Chaotic World* (2022, Weidenfeld & Nicholson).

GREEN EUROPEAN JOURNAL

Europe's leading political ecology magazine, the *Green European Journal* helps ideas travel across cultural and political borders, building solidarity and understanding. An editorially independent publication of the Green European Foundation, the Journal collaborates with partners across Europe. Editions explore a topic in depth from different analytical and cultural perspectives. The *Green European Journal* website publishes articles and interviews in various languages, many of which are available in audio format on the *Green Wave* podcast.

GREEN EUROPEAN JOURNAL

Winter 2022

Printed in Belgium by
a CO₂ neutral company
100% recycled paper

PUBLISHED BY GEF

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ISSN 2684-4486

ISBN 978-9-49-051509-6

GREEN EUROPEAN FOUNDATION

The Green European Foundation is a European-level political foundation.

Its mission is to contribute to a lively European sphere of debate, political education, and to foster greater citizen participation in European politics.



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This publication can be ordered from
www.greeneuropeanjournal.eu

The views expressed in this publication
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This publication has been produced with
the financial support of the European Parliament.
The European Parliament is not responsible
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PRICED OUT

THE COST OF LIVING IN A DISRUPTED WORLD

The series of crises hitting Europe and the world have exposed the vulnerabilities of the systems we depend on to feed, warm, clothe, and otherwise sustain ourselves. Examining the social and political effects of the cost of living crisis, this edition helps us understand the trends and choices that got us here. Their roots can be traced back much further than the explosive shocks of recent years. But if disruption harbours the notion of rupture within it, then alternative ways of providing for our needs are possible. Energy crisis, housing shortages, food price rises – the many signs of today's economic turmoil are redrawing the lines of solidarity within and between European societies. For the Greens, the pressures from today's confluence of crises demonstrate the need for a different politics with social justice and the common good at its heart.

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ISSN 2684-4486
ISBN 978-9-49-051509-6