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Next Generation EU

A Southern-Northern dialogue

Abstract

This policy brief aims to answer the following question: how should the European Union (EU) Member States implement the resources allocated with the Next Generation EU fund (NextGenEU)? As stated by the Commission, the NextGenEU is referred as a temporary instrument designed to boost the recovery and the largest stimulus package ever financed in Europe. Its goal is to help rebuild a post-pandemic Union and make it greener, more digital, and more resilient. It is essential that Member States focus on their priorities, thus avoiding the risk of spending the funds on wrong practices and pursuing wrong objectives



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About European Liberal Forum (ELF)

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. ELF was founded in 2007 to strengthen the liberal and democrat movement in Europe. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. At the same time, we are also close to, but independent from, the ALDE Party and other Liberal actors in Europe. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different actors.

About Fondazione Luigi Einaudi Onlus

The Luigi Einaudi Foundation is a think tank promoting liberal ideas and liberal political thought. Founded in 1962 by Mr. Giovanni Malagodi, the Foundation promotes liberalism as an instrument to elaborate original responses to the complexity of the current issues related to globalisation and to the progressively increasing technological evolution, with the goal of fostering individual liberties and economic prosperity. The Foundation engages in guaranteeing to every citizen the conditions to grow as a human being, to live in wealth and thrive in peace, through the recognition of diversities, the safeguard of human liberties and freedoms, as well as through the promotion of constructive discussions on facts and ideas.

Movimento Liberal Social

MLS, which was officially founded in 2005, aims at promoting social-liberalism in Portugal. The movement is a platform for individuals who believe that the old left-right dogma makes little sense today and that it is possible to secure a different and more constructive type of politics in Portugal. In summary, MLS stands for the sovereignty of the individual, the inalienable right to live one's life and to seek happiness; a fairer society, based on merit, where everyone can freely exercise their talents and develop their potential, free from any control or pressure, in an environment of solidarity and respect between individuals; equality before the law, always with respect for the right to differ; a state that focuses on the essential things, but ensures (in a sustainable way and following the subsidiary principle) the defence of the individual and of society, private property, justice, the existence of basic healthcare and social security services, high quality education and the protection of cultural and environmental heritage; market economy, but always with state control as a corrective mechanism to counter the inevitable disequilibria.

Authors Bios

Ricardo Silvestre is the International Officer at the Movimento Liberal Social (Social Liberal Movement) think tank in Portugal. He holds a Ph.D. in Philosophy from the University of Connecticut and a master's degree in international Relations from University Lusófona in Lisbon. He is an Associate Fellow, and host of the Liberal Europe Podcast, at the European Liberal Forum, the think tank associated with ALDE Party in the European Parliament. Ricardo's main focus of interest, and published work, are the future of democracy, digital solutions for societal problems, energy transition and the European Union security dilemma.

Gian Marco Bovenzi, Attorney, was born in Rome, Italy, in November 1989. He achieved cum laude his Masters' Degree in Law at the University of Rome "Tor Vergata" (2014). He further achieved a post-graduate Masters' Degree in Forensic Sciences at the University of Rome "La Sapienza" (2018), an LL.M. in American Law at the Syracuse University College of Law (New York, United States, 2019), and a post-graduate Certificate of Advanced Studies in Counterterrorism and National Security at the Institute for Security, Policy and Law (Syracuse, New York). He worked as an intern at the United Nations Office for Drug Control and Crime Prevention (Wien, 2015) and as a law clerk for the Italian Department of Justice (2016/2017). Admitted to practice law in 2017, he currently collaborates with the Luigi Einaudi Foundation in Rome.

Chapter 1

Subsidiarity and Solidarity

Within the South-North dichotomy, in some Member States there is the prospect that the NextGenEU fund will be used to solve current problems instead of contributing to long term, structural changes. Some of the financial help can be spent on supporting existing projects, or helping vulnerable social groups, via the welfare state. At the same time, there are also valid concerns about the risk of corruption and bureaucratic delays in managing the fund. This causes problems of governance and cohesion. One of the keys for solving this imbalance is the principle of subsidiarity. The fund could be a good way to “go local”, all the way to the municipal level, in creating the conditions for economic growth.

However, in certain Member States, the principle of subsidiarity is not a priority, as the state governments want to centralize the decision-making process and the execution of the Recovery and Resilience Plans, by either culture, operability, or political gain. This will be a detriment to supporting and empowering local governance. The success of different models of management and, most importantly, their results, can serve the EU as indicators on how to manage this kind of instruments in the near as well as remote future.

Directly related to subsidiarity is the macro-concept of solidarity¹, both economic and organisational. Naturally, there are divergent ideas on solidarity between Northern countries (especially the so-called “frugal four”, or fiscally conservative Austria, the Netherlands, Denmark, and Sweden) and Southern ones, those often calling for support. For liberals, the concept of solidarity (as fundamental as it is for the EU) must not simply translate into the idea of assistance but must be necessarily linked to countries’ sense of responsibility and accountability.

In fact, the Northern-Southern dialogue on the allocation of the NextGenEU fund should not be interpreted merely as a form of assistance, as this entails the ultimate risk of exacerbating the common debt under this financial framework.

¹ First appeared in Emile Durkheim’s “The Division of Labour in Society” in 1893, the concept of solidarity might be defined, in essence, as “the feeling of reciprocal sympathy and responsibility amongst members of a group which promotes mutual support” (http://irep.ntu.ac.uk/id/eprint/12728/1/196557_578%20Lawrence%20Prepublisher.pdf)

Chapter 2

Green Transition

NextGenEU is also envisioned as a tool for creating a carbon free economy. An associated benefit will be an increased EU's energy independence, particularly from the neighbouring countries with illiberal and authoritarian regimes. The export of natural gas from Russia, via pipelines crossing the land and sea, causes an interdependence that gives the Kremlin the leverage to heighten the security dilemma. At the same time, Southern countries in the Mediterranean region can counterweight the EU's dependency on the Eastern energy giant. They provide potential for exploring the sources of renewable energy: solar, hydro, tides, wind (inland and offshore), and biomass. Not only can this be translated into increased production of electricity through non-polluting sources but is also the recommended kind of energy for producing green hydrogen.

However, for the South of Europe to become an energy provider, there is a need for investments in energy infrastructure: pipelines, compressors, land and marine transport, the distributing and receptive capacities, such as ports and storage facilities. This is necessary for energy, both natural gas today and hydrogen in the future, to reach end consumers, industries, and households. For hydrogen in particular, there is also the need to invest in technologies, human resources, and research and investigation, specifically on the production of green and blue hydrogen, the latter with capture and storage of carbon².

When these conditions are met, cooperation protocols can be initiated between Member States whose geographic position is rather beneficial for transiting towards the green economy and those where such natural resources are more limited. Furthermore, it would even enable the creation of the EU-regulated energy markets, based on liberal values like free market and private initiative.

² <https://liberalforum.eu/publication/research-paper-2-hydrogen-and-the-future-of-energy-investing-in-a-sustainable-growth-for-the-eu/>

Chapter 3

Strategies for Social Inclusion

Another possible implementation of the EU fund on the national level is the adoption of policies focused on social sustainability and inclusion, especially with regards to ageing. The latter would be particularly pivotal in South-Western European countries, where the need for specific ageing strategies is more perceived³. Specifically, an interesting, albeit rather underrated issue, is the creation of adequate policies for longevity and healthy ageing. In fact, although people over 50 years old are already considered as “ageing” people, their impact in the job market is still paramount⁴.

In fact, despite an initial association with economic disadvantage, the development of the concept of social inclusion in ageing policies now refers to the “participation in key activities of the society [incorporating] core issued in ageing such as civil engagement, an ageing workforce, age-friendly communities, as civic involvement”⁵, as such embracing highly diversified social field. Therefore, the creation of ad hoc strategies for supporting social inclusion are ageing is essential for the market and consumers, as well as represents a huge opportunity for innovation as it is essential to assess the economic impact of longevity⁶.

Strategies for supporting social inclusion at older age should occupy an important place in the national economies (as also to promote countries’ sustainability in a long-term perspective, i.e. pension systems), and part of the NextGenEU funds could be allocated in such areas.

³ European Commission, Directorate-General for Employment, Social Affairs and Inclusion, “Strategies for supporting social inclusion at older age”, at <http://ec.europa.eu/social/mlp>

⁴ <https://ideas.repec.org/p/euf/ecopap/0512.html>

⁵ <https://www.cambridge.org/core/journals/ageing-and-society/article/abs/social-inclusion-in-an-ageing-world-introduction-to-the-special-issue/521CB8BDE56DD9EDE894F85E1AB0A1DD>

⁶ The Longevity Economy Outlook, at <https://www.aarp.org/research/topics/economics/info-2019/longevity-economy-outlook.html>

Chapter 4

The “Brain Drain” and Employment

It is also crucial to stress the relevance of the issue of the labour market and employment, especially for the young high-skilled workers. The first category of workers, especially in Southern and Mediterranean countries, is often forced to face such situations as precarious jobs, periodically renewed short-term contracts, and “meritocratic inequality”⁷. This leads to the “brain drain”⁸ phenomenon in these countries. The second category might be currently incurring in the consequences of remote working due to the COVID-19 restrictions: in the lack of uniform national regulations throughout the EU, it is likely that high-skilled and experienced workers might face serious limitations (including the lack of several benefits, i.e., sick leave, overtime, etc.).

There are several ways to address (if not to avoid) these issues: more efficient education systems and programmes starting from high school; meritocracy-based benefits and access to schooling regardless of students’ financial situation; more political strategies tackling precariousness and regulating in-presence as well as remote working; national implementation of legal frameworks addressing missing working benefits related to remote working.⁹

Therefore, part of the NextGenEU funds could be allocated to creating better policies on education and employment conditions, especially in countries where such issues constitute major issues.

⁷ How Meritocracy Worsens Inequality – and makes even the rich miserable. At <https://insights.som.yale.edu/insights/how-meritocracy-worsens-inequality-and-makes-even-the-rich-miserable>

⁸ Italy alone lost 800,000 citizens to this brain drain, which is estimated to cost the country about €14 billion every year. At the same time, 2 million Italians from poorer central and southern regions moved north, exacerbating the country’s economic divide. At <https://www.politico.eu/article/italy-reverse-brain-drain-coronavirus-pandemic/>

⁹ <https://www.axios.com/sick-days-disappear-in-the-remote-working-world-06117009-47d7-4abd-8f15-7de0ba526ae5.html>; see also <https://www.forbes.com/sites/kristinstoller/2021/04/28/employees-are-working-an-extra-day-in-unpaid-overtime-each-week/?sh=4d4cb96935cc> and <https://www.economist.com/business/2021/06/10/remote-workers-work-longer-not-more-efficiently>

Chapter 5

Political Awareness

There is a need to prevent those who oppose such fundamental liberal values as the Rule of Law, protecting minorities, and multiculturalism, from taking advantage of the NextGenEU fund. Referring to political and social narratives, populists can take advantage of applying financial mechanisms to achieving their own goals and promoting their agendas. The populist governments' lack of respect to some of the EU foundational principles entails the creation of conditionality mechanisms, which, in turn, are used by the populists to develop poisonous narratives about sovereignty, traditions, treaties, social conservatism. This is then compounded by the disregard of logic, common sense, long-term vision, social consensus.

It is also necessary to dispel the populist idea that being a member of the EU means only, or mainly, access to European funds. Above all, the Union should remain a community of values and principles. Conveying this message is crucially important, particularly to current and prospective political leaders, as well as to all the Europeans who fight every day for the future of the European project. There is another crucial reason why we need to change the perception of the EU as a primarily economic project. As the revenue sources will inevitably decrease for certain Member States, this fact will be used by populists to fuel euro-scepticism which, most dangerously, might result in more countries having referendums about leaving the Union.

The European institutions, political foundations and think tanks, politicians and citizens should shape and promote pro-European counter-narratives to oppose these populists' messages of division. There is also a need for a strong sense of solidarity among liberal-minded individuals, groups, and institutions, fighting against populist narratives on the European, national, and local levels. Currently, the best way to shape such unified pro-European narrative would be to put an emphasis on the long-term values-driven agenda behind the allocation and national use of the EU recovery funds.

Conclusions

Despite many initiatives and debates about the NextGenEU fund, there is still a lot to be done. While EU Member States are progressively implementing their national recovery and resilience plans, certain areas seem to be more affected and addressed than others.

Simply by looking at the Next Generation EU total allocations per heading¹⁰, we notice how the greatest share is dedicated to “cohesion, resilience and values” (€ 776.5 billion), followed by “natural resources and environment” and the “single market, innovation and digital”.

This means that, apart from policies and measures related to the green transition and digitalisation, Member States have the relative freedom to allocate their funds in the areas that they themselves perceive as more urgent. Nevertheless, an analysis of the specific challenges and potentialities of the countries from the South-Western part of the EU demonstrates that certain areas require more attention than they are currently getting within the national allocation of the EU recovery funds. In particular, investments are essential with regards to promoting decentralisation, tackling corruption, raising political awareness and solidarity, fostering social inclusion, and providing targeted systemic support to certain social groups, e.g., youth and ageing people. This done in a spirit of responsibility, accountability, and solidarity.

¹⁰ https://ec.europa.eu/info/strategy/recovery-plan-europe_en

A liberal future in a united Europe

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