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The Political Economy of the European Green Deal, Neoliberalism and the (Re)production of Inequalities

By:

Ivana Isailovie

December 19, 2023

In 2019, the EU Commission – the seat of the EU's executive power—unveiled the European Green Deal (EGD), painting it as an ambitious strategy that aims to decarbonize the EU economy, a strategy which is also simultaneously striving to enforce a "just transition" that "leaves no one behind." Since 2019, the EU has adopted a series of legal and policy initiatives which begin to put some of the EGD principles into action across various fields: the food systems, energy supply, waste management, and biodiversity and ecosystem protections.

The plan to turn the EU into a first "carbon neutral continent" has had significant distributive effects: the Recovery and Resilience Facility (RFR) (EUR 723.8 billion, EUR 385 billion in loans and EUR 338 billion grants) entered into

force in 2021 to address the consequences of the COVID-19 pandemic. This conditional funding allows Member States to finance reforms that would further the EGD agenda, provided that national plans are in line with EU economic governance guidelines ('the European Semester') and follow a set of pre-defined objectives, such as furthering the green transition, climate neutrality by 2050, and adherence to the UN Sustainable Development Principles.

Commenting on EGD's ambition in 2021, I argued on the LPE blog that - if the transition is ever to be 'fair', 'just' and 'inclusive', the EGD needs to seriously tackle EU law and policies' embeddedness within the neoliberal economic logic, as well as address multiple and intersecting forms of inequalities that are deeply entrenched in the fossil-fuel economy.

Almost four years after its adoption, and in a deeply shifted geopolitical context, it seems that the EU was unable to break away from ideological framings that have caused the ongoing ecological and social crises in the first place, and the exclusionary practices embedded within the fossil fuel economy.

While EU's officials keep emphasizing that the EGD is the 'compass' and that the environmental degradation is an 'existential challenge,' at the legal and policy level the EU may be missing the tight window of opportunity for truly addressing the multi-faceted root causes of the ecological breakdown.

It is by now uncontroversial that capitalism and its neoliberal permutation(s) are inextricably linked to a large-scale destruction of nature, contamination of soil, water and air, wealth extraction and racial and gender oppression. It is also well-established that these various forms of violence intersect and feed off each other, even though they may operate differently across historical moments that define capitalism.

It is also well-established that the wealthiest countries are responsible for the ongoing accelerating environmental degradation and that those who are mostly affected by it are racialized and poor communities, who are contributing the least to climate change. The UN Special Rapporteurs on extreme poverty and human rights, and on contemporary forms of racism, racial discrimination, xenophobia and related intolerance, both observed in their respective reports the existence of a 'climate apartheid' and 'racial sacrificial zones.' On both of these fronts, the EU legal and policy frameworks entrench, rather than frontally

challenge, these dynamics.

Neoliberal logic encore

The practical implementation of EGD measures is conditioned by an economic approach that insists on 'growth' and is constrained by the EU budgetary rules (deficit needs to be lower than 3% of the GDP, and the level of debts need to be lower than 60% of the GDP). The European Semester, the coordination mechanism put in place as a result of the sovereign debt crisis of 2008-2009 has significantly increased the surveillance of national economic, fiscal and social policies that are monitored so that they are in line with the EU monetary union framework.

While commentators observed that, at least on paper, the RFR includes social objectives that have been marginalized during the economic response to the sovereign debt crisis in 2008-2009, it is clear that Member States' policies need to be subordinated to objectives of 'competitive sustainability,' 'growth,' 'market efficiency' and 'fiscal sustainability'– the very vocabulary of the neoliberal toolkit.

But, there is more and more literature by social scientists showing that economic growth makes CO2 reduction at necessary rates very hard to achieve. In addition, there is a clear tension between the amount of investment needed for the ambitious green transition proposed by the Commission, and the injunction of reforming public finances, in a new austerity cycle that is underway (see e.g. the reforms in France, and Germany)

The neoliberal agenda is moreover reflected in the ways in which private economic interests have been privileged both at the level of political discourse (the President of the Commission affirming that "*It's time to make business easier in Europe*!"), or the implementation of the RFR which insists on Member States making their regulatory environment more "business friendly" by simplifying taxes, removing obstacles to competition, or reducing administrative burdens. Finally, it is illustrated at the level of the design and the adoption of the EGD policies, with corporate lobbyists delaying ambitious and urgent reforms such as the one on limiting the use of chemical substances and pesticides. The pesticide reduction regulation was definitely rejected a week ago undermining the efforts to significantly cut their use.

Perpetuating inequalities

At the heart of the EGD is the ambition to make the green transition 'fair,' 'just and inclusive.' These imperatives have been the central parts of all green deal initiatives (see Usha's and Julia's contributions in this symposium).

To what extent do existing policies align with these objectives?

A short answer to this is that the notions of 'inclusivity' and 'justice' are quite thin. The most developed aspect of the 'just transition' relates to the Just Transition Mechanism (55 billions of euros made from various funding schemes) that support projects for the reskilling of workers, increasing jobs in the green community, helping companies, and providing technical assistance to regions and Member States. The Commission has identified the priority regions for the allocation of funding from the Just Transition Fund– one of the pillars of the mechanism– those that rely predominantly on fossil fuel and greenhouse gas intensive emission industries as being predominantly located in the EU's periphery – that is Central and Eastern Europe.

Concerning other aspects of inclusion and fairness, EGD initiatives end up being blind to some of the most pressing social justice imperatives in relation to environmental changes, or are actively enabling the perpetuation of violence. Overall, there is no ambitious comprehensive effort to assess how the current economic model and the new policies may reproduce existing gender-based, racial, or class-based or other forms of inequalities and how they may replicate colonial legacies.

For instance, the Just Transition Fund regulation adopts a very 'thin' understanding of gender justice. The need to promote gender equality and women's entrepreneurship is its central normative commitment (recital 15). In addition, the regulation lists care infrastructures as being on the list of supported activities, and mentions that all activities in the area of social inclusion should follow the objectives of the European Pillar of Social Rights (a list of 20 non-binding principles including those on equality, fair working conditions and social policy). The regulation doesn't however elaborate on what these guiding principles would mean in practice, and it still needs to be assessed how some of these goals are put in place on the ground, and whether they can deliver a more ambitious vision of inclusive green transition, at least

in relation to gender.

Many new EGD policies that have gendered impacts are not really holistically analyzed as such or intersectional gender inequalities are not sufficiently taken into account. That's the case for instance for EGD policies related to building renovation (Renovation Wave adopted in 2020) which strive to address energy poverty, but, doesn't mention gender equality concerns, even though in the EU women are more at risk of energy poverty. In its new recommendation on energy poverty adopted last October, the Commission mentions that energy poverty is a "multidimensional phenomenon" and notes that women, and in particular single parents and older women, are more affected by energy poverty due to "structural inequalities in income distribution, socioeconomic status and the gender pay gap." But, despite this emphasis in the recital, the mention of these structural gender-based inequalities disappears in the recommendations to Member States, and is replaced by imprecise notions such as "inclusive and empowering polices" or "social justice approaches."

Finally, other issues such as reproductive justice are entirely sidelined in EGD's policies (see also Christabel M. Eboso's contribution) even though they cut across several areas of EU's intervention. One of them is the prohibition of toxic chemicals. These are present in food systems, air, soil leave bodily traces with the effect of reducing fertility, upending hormonal balance and contaminating placenta and breastmilk. At this stage, there is no comprehensive plan that assesses EU legislation from that gendered perspective and a more ambitious plan on banning toxic chemicals seems, at this point, to be abandoned by the EU Commission.

In other ways, the EGD initiatives keep perpetuating injustices that resonate with colonial legacies. One of them is the new initiative on critical raw materials , including a proposal for an EU regulation (Critical Raw Materials Act "CRMA"). In order to secure access to these materials, the EU is developing two strategies: one is the plan to accelerate the processes for obtaining permits in relation to mining projects inside the EU. Another one is identifying regions outside the EU that are rich in these materials and that the EU should develop 'strategic partnerships with. This includes 'developed countries' like Canada, Australia, 'developing countries' in Africa and Latin America, 'Ukraine, and the Western Balkans, for instance Serbia and Albania. (see also Godwin's

contribution)

While the proposal for the EU regulation mentions the need for ‘sustainable supply chains’ and international agreements in relation to all sustainability dimensions (respect for human rights, environmental protection, consultation with local communities including indigenous communities) the regulatory framework contains no firm guarantees that environmental and human rights will in fact be respected (see Sanja Bogojevic’s forthcoming work).

This is increasingly important, given that it is well-known by now that mining is associated with human rights abuses, social unrest, environmental degradation, conflict over water management and land and massive opposition to mining projects. Indigenous communities, whose traditional lands span EU and non-EU countries, have been fighting the extractive projects often labeled as ‘green’ which directly endanger their culture, livelihoods and health. They have criticized EU’s CRMA as not recognizing enough the rights of indigenous peoples, and most specifically for not guaranteeing their right to free, prior and informed consent – recognized by the UN Declaration on Indigenous Peoples’ rights. Similarly, outside the EU, in Serbia, which is mentioned by the EU in its strategy, mining projects have precipitated large scale demonstrations, resisting the biodiversity loss and other toxic and harmful social consequences that would result from mining operations by the US-Australian Rio Tinto in an authoritarian political environment.

What in essence the CRMA is doing is similar to what critical thinkers – such as Achille Mbembe or Elizabet Povinelli— have identified as colonial logics and their perpetuation in the present. The policy is creating spaces of chaos, and toxicity so that others within the EU could thrive.

What could an alternative to this framework look like?

This question goes beyond what I could possibly sketch out in a short blog post. Imagining different legal frameworks need to start with truly interrogating the rules, practices and ways of thinking that structure our fossil fuel economies.

For some decades feminist scholars and activists as well as critical thinkers have advocated for deep transformations of our economies and dominant frameworks that truly challenge the multiple gendered and racialized power

structures that are central to our economies, to ensure climate justice (see also Julia’s & Usha’s contribution).

While the law is to a large extent responsible for the overlapping social and ecological breakdowns, translating the above-mentioned principles into law means creating legal frameworks (through the interpretation of existing legal rules and principles and the creation of new legal instruments) that move away from the primacy of market logics and extractive profit-oriented economies embedded in colonial legacies, and reproducing gendered and racialized inequalities. It requires designing legal responses that would enable transformative ways of thinking about economies, justice, and our relationship with the non-human worlds, while embedding law and policies in truly democratic frameworks and practices. It means centering within legal thinking and legal practices the multiple forms of exclusions that are pervasive within and outside the EU, and that EU laws and policies often directly enable.

Making a fair and inclusive transition happen requires bold choices and unwavering principles. Right now, the EU is quite far from embracing and practicing them.

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