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A **Different European Union Is Possible:**

Toward Comprehensive Bottom-Up Restructuring Of Europe

Abstract

The current European Union (EU) context does not serve the real needs of large parts of the European population at the local, regional and national levels. The growing gap between the privileged segment of society (with its access to high-quality education, advanced parts of the economy, new technologies and capital) and large portions of the excluded population is a phenomenon that is occurring in the core EU countries and regions and also in the EU periphery. Therefore, the most important task for authorities at all levels of the EU polity should be to develop anti-dualist policies to broaden and deepen access to advanced modes of production, high-quality education, skills and all other resources.

Keywords: EU bottom-up institutional reconstruction, beyond austerity, beyond one-size-fits-all EU, co-existence of different institutional models across EU, alternative development strategies for EU.

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1. Introduction

Current debates on the future of the European Union (EU) stem from the unfinished debate on the sustainable settlement for Europe, which started with the Laeken Declaration and the Convention on The Future of Europe in December 2001. They also stem from the ongoing economic, financial and social crises in many parts of Europe. The breadth and scope of these debates is perplexing. Proposals on diversity and mutual exclusivity, and very often internal contradictions in such proposals and ideas, originate from a broad spectrum of experts, politicians, national and supranational actors, citizens and various parts of European civil society. These debates are taking place in the most restrictive EU context of austerity and fiscal rules resembling the gold standard policy framework during the depression era in the 1930s. This context further complicates the purpose and sense of discussion.

The EU is struggling with its deepest economic, social and political crisis since its establishment. Despite the number of measures in the area of European fiscal rules and the European financial sector, the EU as a whole remains unable to overcome the crisis. After years of unsuccessful EU coping with the crisis, it is evident that the institutional and practical arrangement established by the Treaty of Lisbon from December 2009 is ill-prepared to successfully tackle the crisis. The problem is that the views and ideas of how to reform the established European settlement remain highly divergent. This makes the future of the European project in its current setting unsustainable.

The purpose of this contribution is to show that it is still possible to rescue the European project and to find the common ground between the European progressives and conservatives, between European North and South, and between the European center and periphery. In place of top-down imposition of ever more restrictive rules for all EU member states, their regions and local communities, it would require bottom-up institutional re-imagination, involvement of citizens, entrepreneurs and local communities, and revival of European pragmatism in place of the current rigidity of European technocracy. The points of departure for the discussion are the following propositions:

1) The current context of “austerity Europe”, enshrined in the Fiscal Compact of March 2012, is not sustainable and is going to hurt not only the EU periphery, but also most of the Europe core;

2) While rejecting the Fiscal Compact as an unnecessary and harmful fiscal straitjacket for the member states and their regions, this is not a call for additional creation of public debt and deficits, but a call for high quality, transparent, long term oriented and sustainable fiscal policies across the EU;

3) Traditional social democrats should give up their hope to replicate the traditional welfare model on the EU level, which is neither feasible nor desirable. The traditional tax-and-transfer social policy should be replaced with the productive, developmental social welfare policies with an emancipatory goal for all European citizens;

4) Modern types of industrial policy that are decentralized, pluralistic and experimental should be encouraged, not suppressed at all levels of European polity;

5) The true EU goal is to become a more balanced, more inclusive and more diverse Europe. Such an EU should be hospitable to the co-existence of different economic,

social and democratic models. It should resemble the EU from the first two decades of its establishment, albeit in the new context of a globalized and knowledge-based economy. The crucial characteristics of the early golden age of European capitalism were a high level of autonomy of the member states in running their economies, strong public sectors supporting the development of private sector, a tame financial sector providing long term support for the real economy, full employment, and an active role of the government in promoting the market economy.

2. European Union: From Successful Integration To Existential Crisis

The early model of the EU was much closer to the "varieties of capitalism" ideal. It created a space for comparative institutional advantages on the basis of local, regional and national innovations and experimentation. The EU was there to promote, not suppress institutional divergence that led to high levels of growth and close to full employment accompanied by the growth of worker salaries and expansion of social rights. The counterargument, namely that the golden age of the European post-war period was mainly due to recovering from the war devastation, is currently in place. On the other hand, the institutional context based on the broad autonomy of policy-makers and the availability of policy instruments secures much greater maneuvering room to run and develop economies and societies in the member states.

European integration through laws gradually created a European constitutional asymmetry, which appears to be insurmountable. It has narrowed the maneuvering room for social and economic development of member states and their regions. At the same time, the EU institutions were not able to acquire sufficient resources, capabilities and instruments to adequately replace the functions, responsibilities and tasks of the member states. If it was the role and function of the member states to provide economic and social security for their citizens in the early stages of European integration, the gradual loss of instruments, resources and capabilities led to the gap between member states and EU institutions. This gap can be called European institutional asymmetry[1], resulting in a situation when no level of European polity can be held accountable for providing economic and social security for their citizens.

Subsequently, all hopes of the European political class are vested with the European single market. As witnessed from the beginning of the crisis, however, the most persistent dogma of the European single market cannot automatically lift the Eurozone and its members from the crisis. Coordinated, well thought-out responses at the European level and in the member states is needed to overcome the crisis. Most of the measures taken during the crisis are based on the premise that it will be possible to return the EU to the status-quo settlement developed before the crisis, albeit somewhat more centralized. This is in the author's opinion the biggest illusion of the European political, financial and economic elites. The efforts to adopt and implement the Fiscal Compact, to establish the Banking Union, and subsequently the modest version of the Transfer Union, all stem from this questionable premise of returning the EU to the status-quo settlement.

At the core of the European crisis is the gradual creation of the European institutional asymmetry, according to which the policy space and instruments for the member states have been increasingly narrowed. Among the most important instruments that were lost in the process of integration through law were: 1) a loss of ability to devise and implement the national (or regional) long term development strategies; 2) a gradual loss to adequately finance the social programs aimed at strengthening individual capabilities and supporting the life learning education process; 3) the ability to articulate and implement modern industrial policy; 4) the ability to keep in check domestic financial institutions and their channeling of

[1] F. Scharpf, The Asymmetry of European Integration, KFG Working paper no. 6, 2009

financial resources to long term local, regional and national development; and 5) the underfunded education, particularly higher education in many of the EU member states. All of these things should be included in the debate on the future of Europe.

To overcome the existing institutional asymmetry, the most frequent proposal from the progressive voices is to continue with the fiscal consolidation in the member states, to implement as quickly as possible the Banking Union and to start developing a modest Transfer Union. The conceptual idea behind these proposals is that the EU needs to create "greater structural homogeneity and institutional convergence (especially in labor markets) among its members… In the long run, EU countries need to look more like one another…".[2]

Most of the proposals from the moderately progressive side are questionable. It is possible and necessary to support the urgent need to improve labor market dualism across Europe. Most of other proposals with respect to the Fiscal, Banking and Transfer Unions, however, would inevitably lead to further centralization of the EU. They would open room for more one-size-fits-all policy measures and more top-down policies without sufficient transparency, without sufficient democratic accountability and without proper constitutional checks and balances. Moreover, highly divergent European localities, regions and member states would be effectively deprived of their initiatives, like how to search for new development opportunities, tailored to local, regional and national needs, capabilities and based on institutional innovations.

Therefore, a credible alternative to the top-down, one-size-fits-all approach, which is disinterested and inhospitable to the variety of needs, opportunities, capabilities, initiatives and innovations, is to open the future EU development to bottom-up institutional innovations and diversities. This is where the true energy, ideas and strength of the European project

[2] Dani Rodrik, Europe's Way Out. Project Syndicate, June 13, 2013:

really lies, and not in the hands of European technocracy. “In fact, technocracy curiously mirrors populism: only one possible policy here, only one possible voice of the people there; nothing really to talk about.”[3]

Institutional innovations and imagination across Europe were the crucial elements of the golden era of European capitalisms. The ownership of development strategies belonged to the localities, regions, member states and their citizens. These are qualified versions of the varieties of European capitalism in the form of permanent institutional innovations and in the form of co-existence of different models for the market economy and social welfare across the EU. Such a decentralized union[4], based on a variety of models and institutional innovations would resemble more the EU of the early “golden age” of the European integration, but adjusted to the context of twenty-first century globalization and knowledge-based society. Such an EU can again become an actor in reshaping the current context of globalization that creates unsustainable economic, trade, financial, labor and environmental imbalances.

2.1. Impossibility and undesirability of the Transfer Union

There can be little doubt that the ongoing financial, economic, and social crisis is moving further away from the declared goals of the European social-market economy as stipulated in Article 2, para. 3 of the Treaty of Lisbon.

Contrary to the stipulated commitments and goals of the EU, however, the EU is facing historic levels of unemployment, especially among the young, and many of the EU

[3] Jan-Werner Mueller, European elections: the false promises of populism. The Guardian, May 4, 2012.
[4] For the call on decentralizing EU as a step forward, see Jacques Delors et al., Let's create a bottom-up Europe, Guardian, May 3, 2012. On the risk of European centralization see also Otmar Issing, The Risk of European Centralization, Project Syndicate, July 2, 2013

countries and European regions offer no prospects or future for the majority of the population.[5]

The most frequent response to the dire European socio-economic situation is that "We need more Europe" to overcome the crisis. For far too long, this ill-defined and vague slogan has represented a poor substitute for a genuine and comprehensive discussion of the future of the EU. The debate regarding the future of the EU was organized in the form of the Convention on The Future of Europe before the adoption of the Treaty of Lisbon. The truth, however, is that the European political class and European civil society at large have been unable to find an appropriate model of balanced, sustainable, inclusive and pluralistic future development.

The real debate about the future of the EU should not be whether we need more or less Europe. Instead, the discussion needs to start with the observation made by Loukas Tsoukalis and start debating what kind of Europe we need, as well as what kind of Europe is possible, to finally start serving the needs of European citizens, communities, regions, and member states.[6]

When one asks what kind of Europe we need, the most frequent answer is that we need to proceed with the Fiscal and Banking Unions, improve coordination of fiscal and economic policies, and finally move to the Transfer Union – a Union most likely organized according to the German constitutional provisions of financial equalization.

Let's start with the last and the most remote, although with some of the progressives and European citizens the most cherished and desired goal: the establishment of the Transfer

[5] »Without doubt, this is the most serious crisis the EU has faced since its inception…« Peter Hall, The Economics and Politics of the Euro crisis, German Politics, 21 : 4, 355-371, 370 (2012).
[6] Lukas Tsoukalis, *What Kind of Europe?.* Oxford University Press, 2005.

Union. There are many possible objectives for such an outline of the future development of European integration. Some of these objectives are of a practical nature. Other objectives take a more subtle viewpoint. From a practical viewpoint, one should look at the current struggles within the German constitutional arrangement of financial equalization on the basis of Article 107 of the German constitution (*Grundgesetz*). At the moment, only four German federal states aid twelve other federal states through the fiscal equalization mechanism. This mechanism, although a successful postwar development now enshrined in the German federal constitution, is becoming an increasing source of conflict among the German federal states. It has already been announced by Bavaria that they are planning to legally challenge the transfer system of financial equalization before the federal constitutional court.[7]

If the constitutional mechanism of financial equalization creates such tensions within the German federal constitutional arrangement, one can only imagine the tensions that would result from any attempt to create a European Transfer Union based on a mechanism similar to the German approach. Especially in the period of self-imposed austerity measures and the introduction of the fiscal brake into the German constitution, applicable both for the federal budget and for the state budgets, it is likely that tensions regarding the transfer mechanism may further deepen in the future.

The EU currently consists of 271 regions on the Nomenclature of Territorial Units for Statistics (NUTS) level 2. During the protracting crisis, according to the most recent European regional yearbook, “out of the 271 NUTS level 2 regions in the EU for which data are available, the unemployment rate increased between 2007 and 2010 in 215 regions, remained

[7] Bavaria Mulls an End to Solidarity, Spiegel online edition, July 18, 2012: http://www.spiegel.de/international/germany/press-review-on-bavaria-s-decision-to-sue-against-solidarity-payments-a-845088.html.

unchanged in seven and fell in 49.“[8] It is theoretically and practically impossible to create a sufficiently meaningful Transfer Union that would address the needs and expectations of large parts of the excluded population in the majority of European regions and member states.

From a subtler and very rarely mentioned viewpoint, one should take a closer look at the nature and development of regional disparities across the EU. An overview of European regional disparities shows the level of uneven development across the EU. The main dividing line in the EU is primarily between the relatively few prosperous and advanced regions and the large majority of stagnating or even backward regions. This dividing line is even more important than the superficially presented narrative on the dividing line between the prosperous North Europe and the stagnating South Europe.

The majority of European citizens do not want their future prospects to lie in the hands and at the mercy of European paymasters. They want to shape their own future. For this, they need to be equipped and empowered to be able to emancipate themselves and become free and productive actors in the markets and their communities. Therefore, in place of the idea of the Transfer Union, is the idea of empowerment, sustainability and ability to mobilize local and regional potential across Europe. In place of (path) dependency via the Transfer Union, the alternative proposal should be to open up space for local, regional and national institutional innovations.

2.2. Away from the single market, Fiscal Compact and Banking Union

A single market is not a goal in itself. It is a means to an end. There is no one single, neutral version of the market. Markets are always created and they exist within the given

[8] Eurostat Regional Yearbook 2012, European Union, Luxembourg, http://epp.eurostat.ec.europa.eu/portal/page/portal/publications/regional_yearbook, p. 78.

institutional framework. Cecchini report[9] before adoption of the Maastricht treaty in February 1992 calculated immense benefits for the European economy after the completion of the single market. Today it is clear that the outcome of the single market creation is far below the original anticipations and announcements. Strong distributional effects and creation of winners and losers excluded businesses and small firms without sufficient access to capital and all other necessary resources from successfully competing in the markets. The number of European regions and member states falling behind during the crisis is clearly on the rise. Therefore, to deepen access to the markets and spur entrepreneurship across the EU, local and regional support in the form of decentralized industrial policy with improved access to capital via local financial institutions needs to be (re)-established. Europe needs more markets in more ways for more people[10] than the current version of the European single market model can provide. Without an active industrial policy at the local and regional levels, the European single market can amount to "kicking away the ladder" not only for the European periphery, but for the majority of European regions. Only in an increasingly small number of European regions is the economic power, social wealth, advanced sectors of industry and services, knowledge, technologies and general know-how being concentrated.

The Fiscal Compact created new policing powers for the European institutions over the fiscal policy and budgets of the member states. It has further narrowed the maneuvering room for reforms and development strategies in the member states and it does not guarantee a quality fiscal policy even in good economic times. Simon Wren-Lewis, an Oxford macroeconomist, has put it directly and most succinctly: "The Fiscal Compact is exactly the

[9] Cecchini Report, The European Challenge: 1992, summary of the report: http://aei.pitt.edu/3813/
[10] »The task will be to use the power of the State not to supress or to balance the market, but to create the conditions for the organization of more markets organized in more ways…« Roberto Unger, *What Should the Left Propose?,* Verso 2005, p. 26.

opposite of what the Eurozone requires right now."[11] It may well be that in everyday practice, as it happens very often in the EU, the Fiscal Compact rules will be diluted or otherwise weakened. However, because it is a crucial symbol of wrong European policies tackling the crisis, it will have to be formally repealed to show new determination to launch comprehensive economic, social and political reconstruction of the EU and its member states.

The sooner the EU moves away from the unworkable European Fiscal Union, which "is macro-economically dangerous" and "imposes deficit rules on the countries that are based on arbitrary figures," as warned by the European Macro Group of three European macroeconomic institutes (German IMK, French OFCE and Austrian WIFO) in their joint study, the greater are the chances that the EU as a whole returns to the sustainable and equitable pathway of growth.[12] Fiscal consolidation is important, but there is more than one way how it can be achieved. It should be left primarily to the member states to figure out how to return to the path of fiscal consolidation, based on socially inclusive growth.

The idea of the Banking Union is questionable for similar reasons. Two crucial developments before the crisis went almost unnoticed by a large portion of experts and politicians. Namely, due to rapid liberalization of finance, the size of European financial sector has tripled in the last three decades. Equally important, as noted by one of the most perceptive European experts on finance, Dirk Bezemer from University of Groningen:

> "…Most of that debt growth has NOT been due to lending to the real sector – to nonfinancial firms, supporting growth in wages and profit. Almost all of it

[11] Simon Wren-Lewis, The Eurozone's Founding Mistake, Social Europe Journal: http://www.social-europe.eu/2013/07/the-eurozones-founding-mistake/, July 22, 2013.

[12] Macro Group (IMK,OFCE, WIFO), Fiscal Compact Deepens Crisis, , available at: http://www.boeckler.de/pdf/p_imk_report_71e_2012.pdf ,March 201, p. 29.

> was due to mortgage lending and to credit to the nonbank financial sector credit, to inflate stocks and property prices and to create and trade options, futures, and other derivative instruments…"[13]

Neither of these two crucial issues – the oversized European financial sector and its turning away from mainly supporting the real economy toward European financial casino capitalism – are being adequately addressed by the idea of a Banking Union. Its goals to create common banking supervision, resolution procedures and possibly also deposit insurance may lead to further concentration, centralization and bureaucratization of the European banking and financial sector. This is without any guarantee that the quality, responsibility and support for the real economy, local producers and entrepreneurs would be improved.

From the legacy of successful European post-war development, different European members developed different financial models to support overall economic and social development. There was no one single best financial model and framework, universally valid for all local, regional and national economic and social conditions. Some of the financial models better supported local and regional development and productive potential than others. It should also be up to the local and regional communities to search, develop and innovate in the area of financial models. Instead of making efforts to break the supposedly pernicious ties between the sovereigns and banks, the true goal of European financial restructuring should be to re-establish the virtuous links between local and regional communities, businesses, entrepreneurs and financial institutions. The support for local producers and local consumers, strengthened links between local networks of banks and the real economy should be at the core of European economic, financial and social reconstructions. Immense resources,

[13] Dirke Bezemer, Finance and Economic Growth Delinked. Eurointelligence, April 2012.

allocated for propping up the largest European financial institutions should be better used for revitalization of local communities and regions across Europe.

3. Alternative Pathways For European Reconstruction

The goal of European recovery should not be merely to overcome the ongoing economic, social, and financial crisis and then return to the previous status-quo position. Similarly, the outcome of the crisis should not be a return to the EU's previous arrangement, albeit further centralized and bureaucratized within the framework of rigid one-size-fits-all fiscal and financial rules based on the economic orthodoxy. The better goal should be to create a socially inclusive, more decentralized, more innovative, and more diverse EU, wherein different regions and member states can develop their own development strategy. Such a decentralized EU should facilitate and foster different model of development, spur local initiatives from various social groups, and more successfully address the needs, aspirations, and development potential of local communities, regions, and member states.

The European dimension to the decentralized, bottom-up economic, social, financial and political reconstruction could be complementary. On one hand, it could participate, learn from positive practices of successful regions and disseminate these practices to other regions across Europe. On the other hand, it can expand European employment policies with the aim of improving skills and enhance training opportunities for European workers. Investments in lifelong learning process, improved skills and retraining opportunities for European workers should become the most important common European policy together with carefully planned investments in the improved European infrastructure.

European viable growth strategy, which is still missing[14], should be based on sustainable, inclusive, balanced and diverse European "green growth" potential. Such a redirection of European policies away from the unsustainable rigidities of the Fiscal Union, unworkable dogma of the single market, and unnecessary bureaucratization and centralization of the banking union could present a point of departure from the present unsustainable path of European integration. EU institutions should finally pay attention to the needs of local, regional and national communities across Europe.

The reconstruction of such an EU should be implemented bottom-up and it should be based on co-existence of diverse models of development. Instead of waiting or relying on comparatively small amounts of financial support from the EU, the European regions, local communities, and member states should rely primarily on their own resources. Of course, any additional support from the EU could be beneficial and complementary. The development strategies, initiatives, and decisions, however, should be made by the local authorities and other local stakeholders with the primary concerns of developing local producers, supporting local entrepreneurs, training local employers, and supporting local consumers.

There are examples of successful economic, social and institutional restructuring in European regions and member states. These should serve not as models for mechanical imitation, but rather as models for inspiration and encouragement. Other European regions and countries have other comparative advantages and different development potential. The crucial mistake the European technocracy is making in the crisis is to insist on imposing one-size-fits-all measures across the board. As a result, initiatives, ideas, and institutional innovations at the levels of European regions and their member states remain suppressed.

[14] Peter Hall, *supra* 5, p. 365.

It is worth briefly considering the successful experience of Irish local public-private partnerships before the turn into speculative finance and creation of construction bubbles; the example of successful Finnish innovational, technological and educational policies; and the cooperative competition framework in the Emilia Romagna region of northern Italy. In these successful examples, the competitiveness of the regions or member states is based on the transparent partnership between the public and private sectors. These are practical examples of institutional innovations in the context of decentralized, participatory, and democratic models of development. They show that even in the era of globalization and Europeanization, it is possible to maintain high-quality enterprises with high wages and high levels of added value. Dense networks of local public-private partnerships should be supported, strengthened and developed. In place of stagnant and often decaying local communities and regions across the EU, dynamic, fast-developing and knowledge-based communities and societies should emerge. There are examples of successful, post-Fordist, highly dynamic, inclusive and competitive regions in Europe and countries around Europe. Their dominant characteristic is constant innovation of institutions and practices that are supportive of enhanced competitiveness and social inclusion.

Legal, economic, and social institutional innovations deviate from the standard model of economy and society, which has found itself in a period of protracted crisis and stagnation. Broad support for constant advancement and innovation from public institutions is an additional important element of success. The dense networks of civil society associations participate and provide initiatives for the local and regional governments where the future opportunities and challenges lie.[15]

[15] See Matjaz Nahtigal, European Regional Disparities – the Crucial Source of European Un-sustainability, Lex localis, July 2013, vol. 11, no. 3, pp. 601 – 614, available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2248618

Local government, local financial institutions, professional and commercial associations, trade unions, universities and research centers, and social networks all participate and have a stake in permanent improvements in their regions. They are examples of dynamic, competitive, innovative, and cohesive regions. They also show that it is not possible to overcome the gap between the advanced and backward parts of the economy and society without the deliberate action of public institutions.[16]

In such a decentralized, bottom-up approach, based on the initiatives, institutional innovations, and development strategies that are suitable to the needs of local population, the role of the European institutions should be substantially redefined. Instead of clinging to the dogma of a European single market as a neutral mechanism, the European institutions should recognize that the markets always create distributional effects and consequences. In the words of Loukas Tsoukalis, the process of European integration has always created winners and losers, both real and imaginary: "Most of the national politicians (and others) were too late to realize it, not to mention trying to deal with it."[17] The distributional impact is not a result of the supposedly neutral, natural development of the European single market. Rather, it is a result of deliberate actions to create a single market, based on the dogmatic assumptions of the economic orthodoxy.

Therefore, to address the crisis and approach comprehensive economic, social and political reconstruction from the bottom up, the maneuvering room for the local, regional and national governments should be maximized. The current European context is, according to Roberto Unger, too strong and too weak at the same time – "weak on universal social endowments but strong on macroeconomic and regulatory limits to national, regional, and

[16] Roberto Unger, *Democracy Realized*, Verso 1998, London, p. 198.
[17] Loukas Tsoukalis, The Shattering of Illusions and What Next, Journal of Common Market Studies, 2011, Annual Review, pp. 21-22.

local innovation."[18] The current path of coping with the crisis is widening the gap between the privileged and backward European regions and countries. It is the gap between the relatively privileged segments of the society and large portions of the excluded population. This process should be substantially reversed to remain faithful to the original ideas of the European project and the declared goals of the Treaty of Lisbon.

The last European politician who understood the subtle dialectic between competitiveness and social cohesion, both on the level of the EU and on the level of the member states, was Jacques Delors. *A White Book on Growth, Competitiveness and Employment*, which was prepared under his presidency of the European Commission in 1993, explicitly put forward the need to establish economic and social cohesiveness as one of the pillars of the European reconstruction. The need to establish solidarity between the successful and unsuccessful European regions was also emphasized.[19] Other important elements were also contemplated, such as the research and technological policy, the need to invest in training and education to create high quality jobs for the European future, the possibility of issuing EU bonds to finance larger European infrastructure projects, and many other important ideas. In doing so, the balance between common projects and decentralized policies based on the principle of subsidiarity was carefully maintained. The single market was not perceived as a one-dimensional project without the social institutions and policies at the level of the member states and at the European level. In many ways, Delors' forward-looking vision for Europe remained poorly understood and ignored.

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[18] Roberto Unger, European Constitutionalism – proposal for an agenda of debate, manuscript prepared for a meeting on the constitution of the European Union, Harvard University, March 2002, available at: http://www.law.harvard.edu/faculty/unger/english/docs/europe1.pdf .

[19] European Commission, Growth, Competitiveness, Employment – A White paper, Luxembourg 1993, available at: http://europa.eu/documentation/official-docs/white-papers/pdf/growth_wp_com_93_700_parts_a_b.pdf, p. 15.

4. Conclusion: Toward Genuine Comprehensive EU Reconstruction

The current EU context does not serve the real needs of large parts of the European population at the local, regional and national levels. The growing gap between the privileged segment of society, with its access to high-quality education, advanced parts of the economy, new technologies and capital, and large portions of the excluded population is a phenomenon that is occurring not only in the periphery of the EU, but also in the core EU countries and regions.[20] Therefore, the most important task of authorities at all levels of the EU polity should be to develop anti-dualist policies to broaden and deepen access to advanced modes of production, high-quality education, skills and all other resources.

The state aid measures to financial institutions between 2008 and 2011 were of a historic proportion.[21] Unfortunately, however, the banks and other financial institutions do not sufficiently support the development and restructuring of the real economy, not to mention start-up firms and IPOs.

It would be better to take at least a small amount of the resources allocated for the support of mainly the large European financial institutions and channel it into all forms of life-long education for all European citizens and their communities across Europe. From there, the European citizens and their communities will be able to move on themselves.[22]

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[20] On the need to establish the new European social contract, see Ania Skrzypek, The Next Social Contract – A New Vision for European Society in Ernst Stetter, Karl Duffek and Ania Skrzypek (eds), *For A New Social Deal*, FEPS 2013.

[21] See High-level Expert Group on reforming the structure of the EU banking sector, chaired by Erkki Liikanen, Brussels, October 2, 2012: http://ec.europa.eu/internal_market/bank/docs/high-level_expert_group/report_en.pdf.

[22] On the need to articulate European progressive vision beyond the 2014 European parliamentary elections, see Alfred Gusenbauer, Introduction to the Next Left – *For a New Social Deal*, FEPS 2013.

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