

**Current multiple challenges in Europe – the solidarity
and refugee question, the rise of the far right,
globalisation and the socio-ecological transformation.
Brickstones of an alternative narrative**

Josef Baum
University of Vienna

**Presentation at ESEE
Budapest
June 21th, 2017**



Josef Baum

_University of Vienna

Interdisciplinary senior researcher

Economist and Geographer

**Department of East Asian Studies, University of Vienna
Institute of Geography and Regional Studies, University
of Vienna**

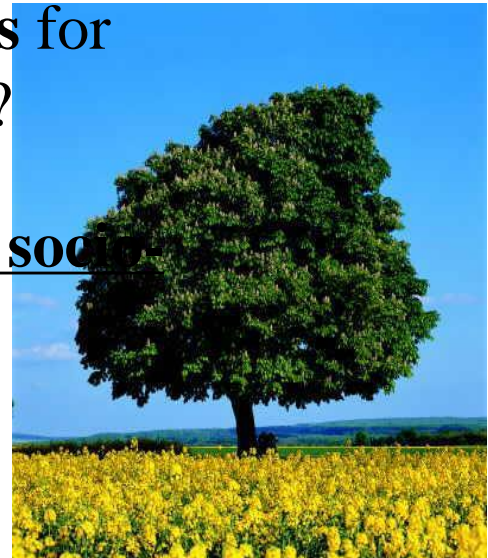
josef.baum@univie.ac.at

<http://www.josefbaum.at>



Overview:

- **The right turn in Europe puts the question for foundations for global solidarity drastically on the agenda...**
- **....in a special stage of "post-colonial" development**
- **Currently dominating narratives**
- **Can a process of global convergence and solidarity be defined and implemented = Are **win-win solutions** for the non-capital side in a global balancing realistic?**
- **Some Characteristics of new narratives for an socio-ecological transformation**



Starting point:

Some dominant **features**:

- An **irrational US-President**, many Mini- or Midi-Trumps in European countries
- BREXIT, current labile status of the European Union
-altogether a tremendous **setback for any socio-ecological transformation**

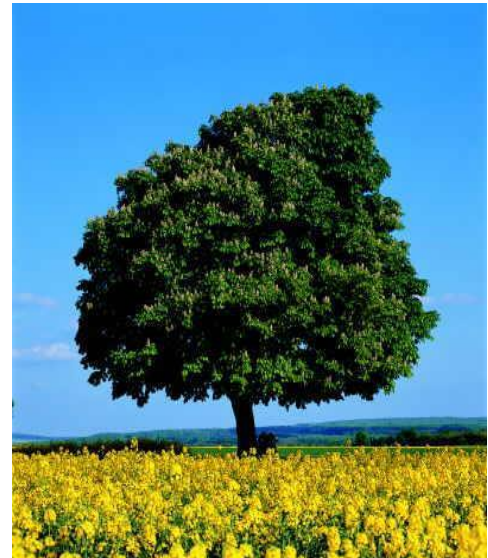
A **narrative behind** took strong roots in parts of masses:

The distribution results of neoliberalism and neoliberal coined globalisation

are reinterpreted as the impacts of migration and alleged distribution away from the global north

Conclusions:

- National solutions- instead of global ones
- (poor) migrants out first
- Priority for security and military solutions
- No global redistribution but the other way round



Far right: little concrete positive proposals.

==>

Before definitive shipwrecking
the far right could identify **scapegoats**,
will be **radicalized and will further poison social relations**

On the other hand the far right (will) **increasingly activate a huge humanist potential** to prevent nationalist dead-end streets

Actio ↔ Reactio

The challenge of the fast increasing number of refugees also has revealed an huge potential of humanism and solidarity in some countries

Activities for a transformation on various levels remain or can get stronger

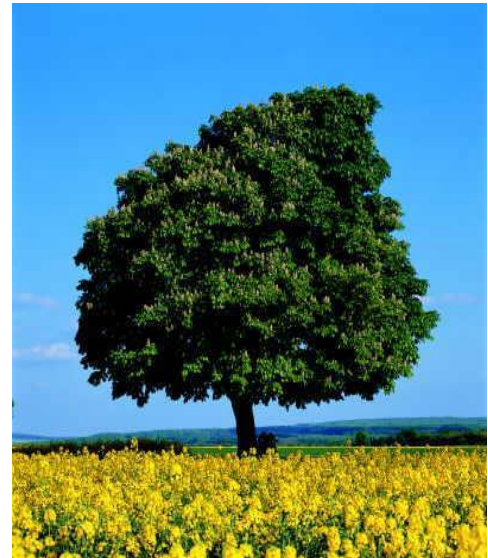


Anyway a lot of political energy and efforts is directed to a prevention of a far-right governance,

The far right usually denies climate change.

➔ years of **relapses are possible**

Probably for many years a loser will be environmental policy



Climate issue, the “most important policy issue“, will suffer although “all other things are comparably irrelevant” (Krugman)

Rise of the far right in Europe → most valuable time will pass unfruitfully in climate policy

provoking additional complications and destroying constellations for implementations of national and global climate policy.

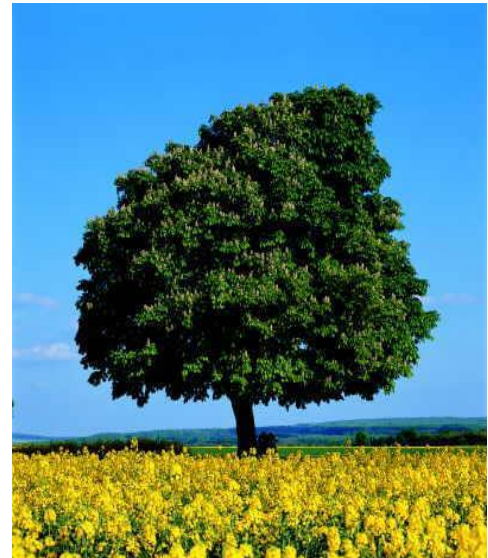


The common denominators of the far right are

- xenophobia
- nationalism,
- promoting irrationalism,
- they pretend to be “anti-elite”

*Some preliminary characteristics for **new narratives***
for an socio-ecological transformation

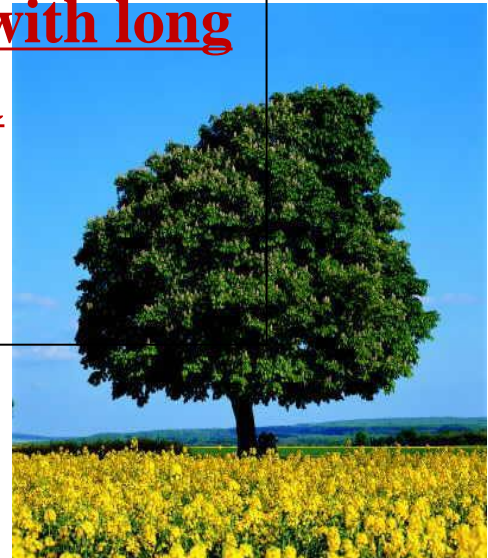
- Migration as a consequence of asymmetric (historic) distribution
- global redistribution
- Solutions on all levels
- No priority for military solutions



Europeans face a multiple crisis, but still on a high level

General **background** is the follow-up of the economic and financial **crisis** specifically in the field of employment

The fast increasing number of refugees coming to Europe confronted European people harshly with long existing realities of huge global disparities in a globalizing world.



Socio-economic/ecological distributional asymmetries

High distributional disparities

on various levels

*global

*continental

*national

*regional

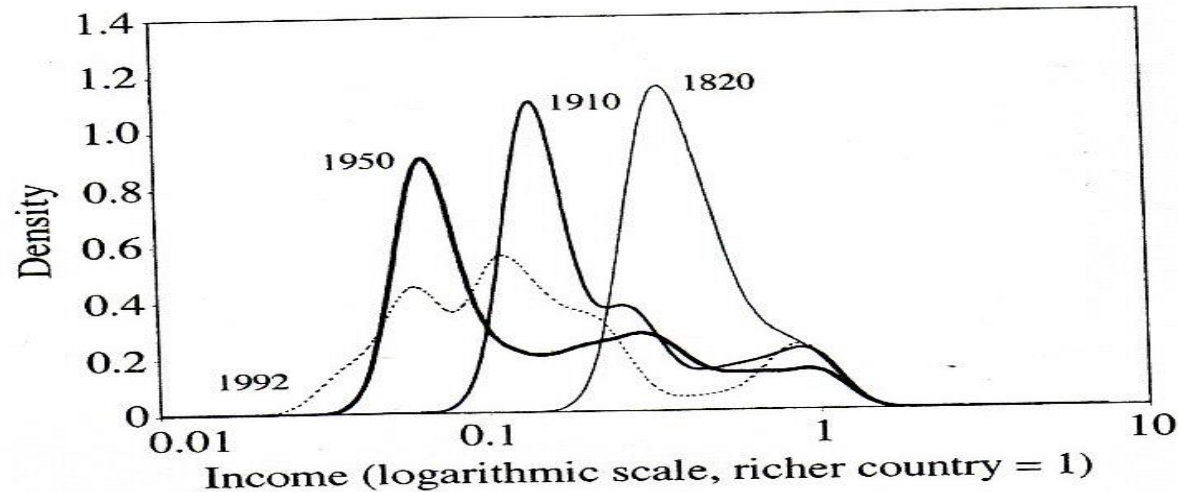


FIGURE 2. GAUSSIAN KERNEL ESTIMATE OF THE DENSITY OF THE WORLD INCOME DISTRIBUTION WHEN INEQUALITY WITHIN COUNTRIES IS IGNORED: 1820, 1910, 1950, AND 1992

- Bourguignon, F., Morrisson, C. (1999): Inequality among World Citizens, 1820 – 1990.

Bourguignon, F., Morrisson, C. (1999): Inequality among World Citizens, 1820 – 1990. American Economic Review (September 2002): p. 734

- American Economic Review (September 2002): p. 734

Socio-economic/ecological distributional asymmetries

High distributional disparities

On various levels

*global

*continental

*national

*regional

- Bourguignon, F., Morrisson, C. (1999): Inequality
- among World Citizens, 1820 – 1990.
- American Economic Review (September

VOL. 92 NO. 4 BOURGUIGNON AND MORRISSON: INEQUALITY AMONG WORLD CITIZENS

734

THE AMERICAN ECONOMIC REVIEW

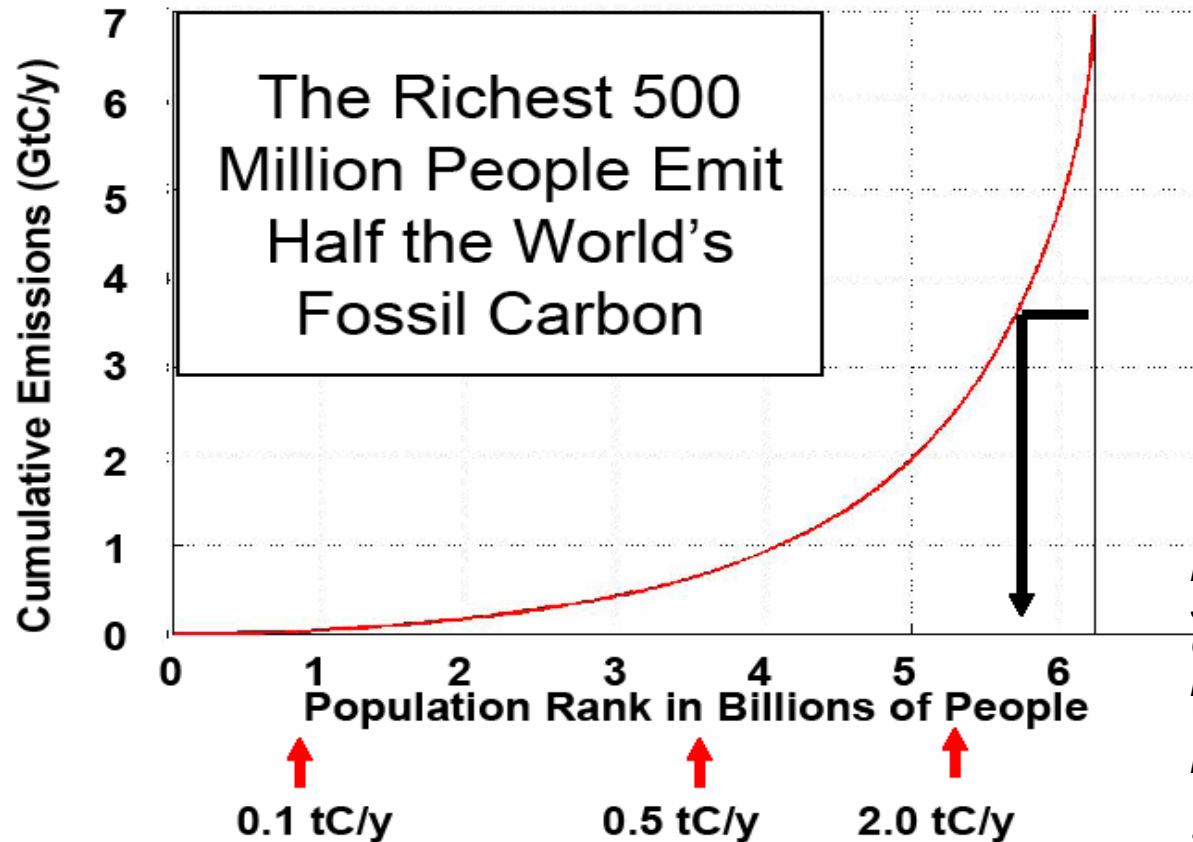
SEPTEMBER 2002

TABLE 2—DECOMPOSITION OF WORLD INCOME INEQUALITY INTO “WITHIN” AND “BETWEEN” INEQUALITY (VARIOUS INEQUALITY MEASURES)

Year	Theil index			Mean logarithmic deviation			Standard deviation of logarithm	
	Inequality within country groups	Inequality between country groups	Total inequality	Inequality within country groups	Inequality between country groups	Total inequality	Inequality between country groups	Total inequality
1820	0.462	0.061	0.522	0.370	0.053	0.422	0.300	0.826
1850	0.470	0.128	0.598	0.374	0.111	0.485	0.432	0.873
1870	0.484	0.188	0.672	0.382	0.162	0.544	0.515	0.920
1890	0.495	0.250	0.745	0.393	0.217	0.610	0.592	0.971
1910	0.498	0.299	0.797	0.399	0.269	0.668	0.668	1.027
1929	0.412	0.365	0.777	0.356	0.334	0.690	0.747	1.064
1950	0.323	0.482	0.805	0.303	0.472	0.775	0.907	1.154
1960	0.318	0.458	0.776	0.300	0.466	0.766	0.920	1.161
1970	0.315	0.492	0.808	0.304	0.518	0.823	0.977	1.210
1980	0.330	0.499	0.829	0.321	0.528	0.850	0.994	1.234
1992	0.342	0.513	0.855	0.332	0.495	0.827	0.926	1.184

Climate **crisis** and global distribution

distribution matters



From: Pacala S.W.: *Equitable Solutions to Greenhouse Warming: On the Distribution of Wealth, Emissions and Responsibility Within and Between Nations*. Princeton, at IIASA, November 2007
<http://www.iiasa.ac.at/iiasa35/docs/speakers/speech/ppts/pacala.pdf>

Not current emissions but historically accumulated emissions matter

- ➔ Historical responsibility
- ➔ Re-transfer from global north to global south

Unfortunately **under current power relations**: bad logic of necessary re-transfer from global north to global south:

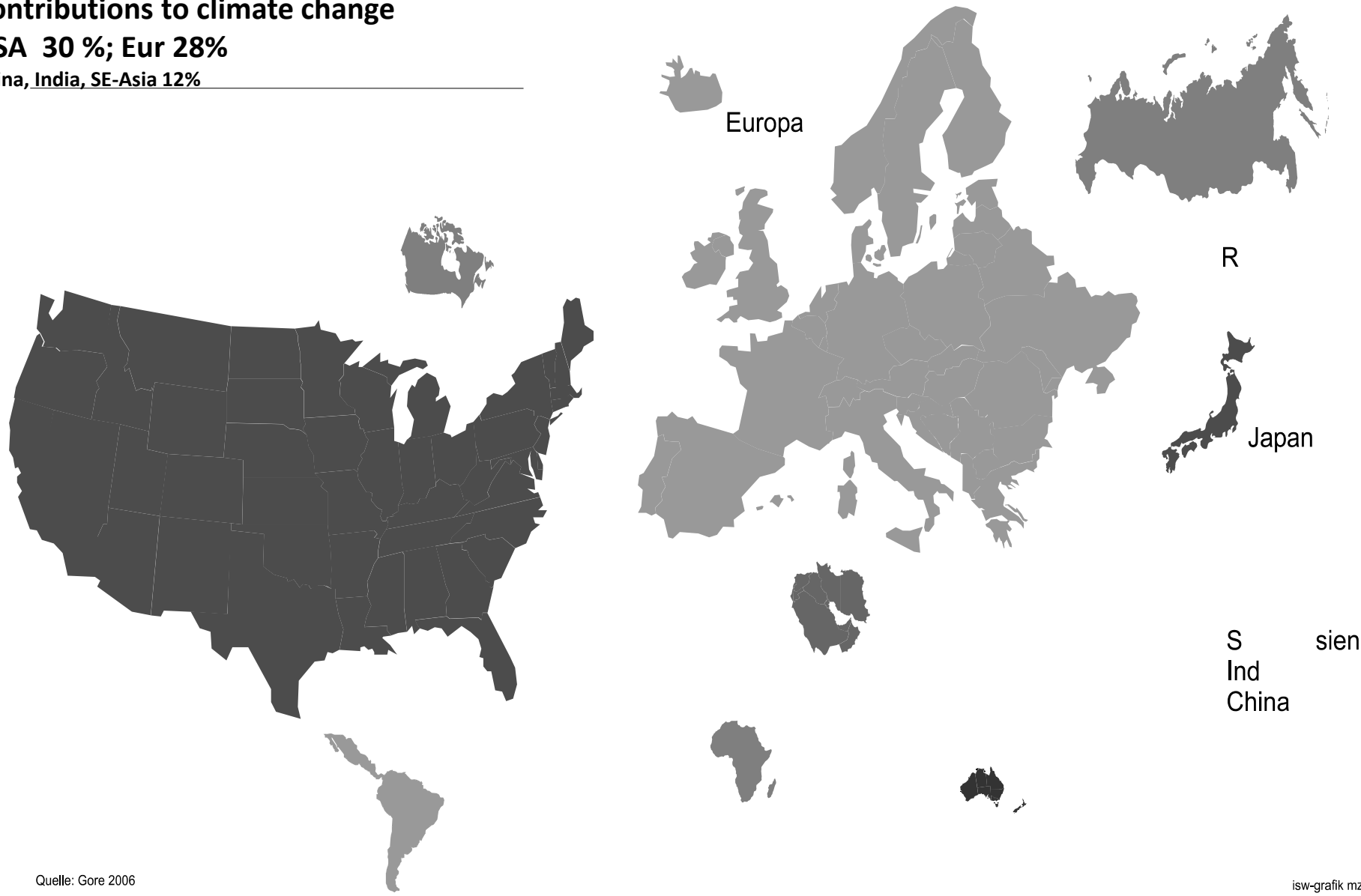
From poor (not rich) in the global north

➔ **to rich** (not poor) in the global south

Contributions to climate change

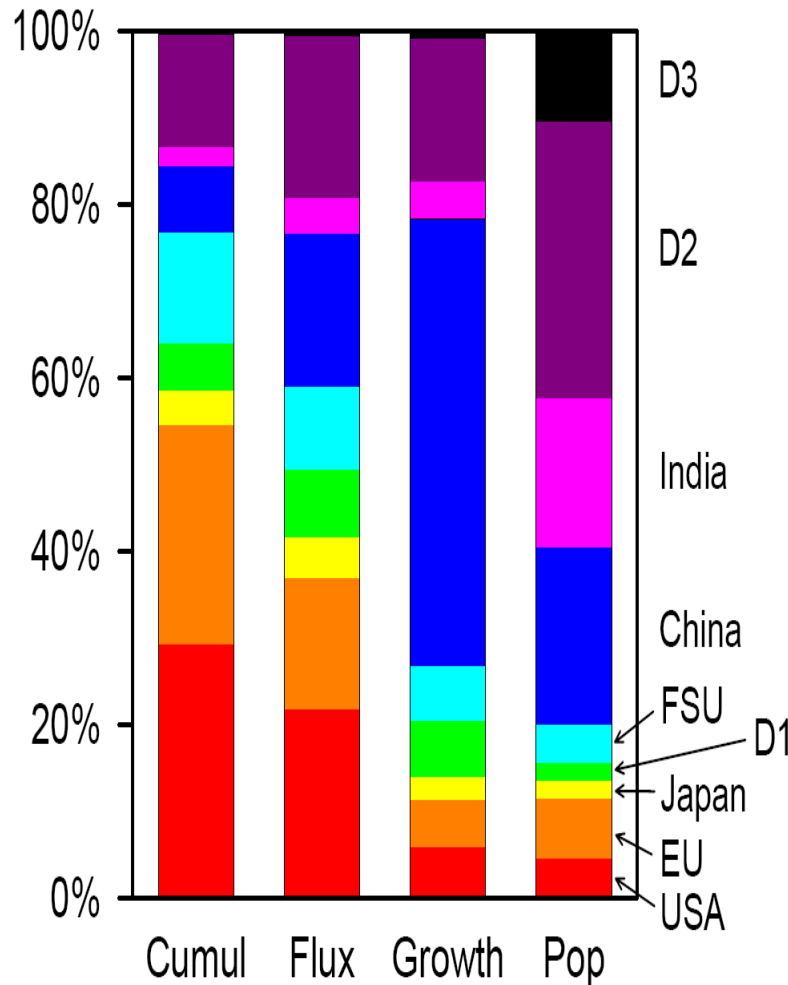
USA 30 %; Eur 28%

China, India, SE-Asia 12%



Quelle: Gore 2006

isw-grafik mz



Different views on foundations for solutions (GHG):

- **Cumulative historical causation**
- **Current flux**
- **Probable growth potential in relation to population**

Currently high and slowly decreasing GHG-emissions

- Weak awareness in the global north
 - for development issues of the south
 - for the distributional core of the problem
 - for the historical dimension of the problem

Correlation between income and emissions

- Socially differentiated emissions per capita
- Empiric correlation of stratification along income for consumption and emissions per capita

Evidence of differentiated emissions/consumption of the traffic services a day for Austria:
4 quartiles (income):

1st	quartile	20 km
2nd	quartile	40 km
3rd	quartile	53 km
4th	quartile	80 km

(see: Steininger K., Gobiet W. (2005): Technologien und Wirkungen von Pkw-Road Pricing im Vergleich, Wegener Center Graz, Bericht 1/2005, p 20f

The right turn in Europe also puts questions for foundations for global solidarity drastically on the agenda

European countries as a whole has been **winners** of globalisation, but **yields** obviously **are distributed asymmetrically**

Global gaps remain on a high level, intra-national distributions have become more unequal almost everywhere (MILANOVIC)

Welfare state contentious under the conditions of globalization

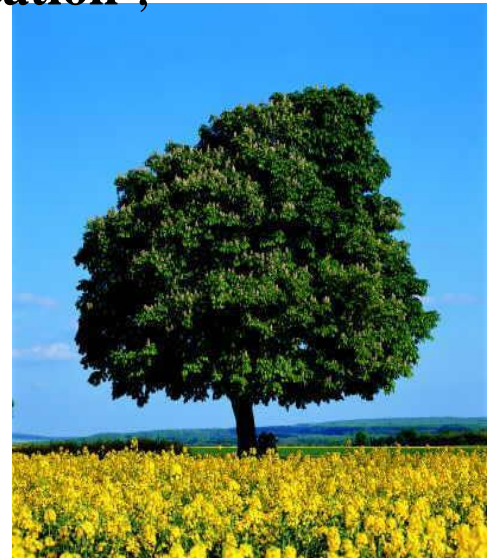


Can a process of global (upward)convergence and solidarity be defined and implemented under

1.the well-known conditions of enormous differences especially on a global scale (prosperity, wealth, income, environmental conditions, quality of life) and

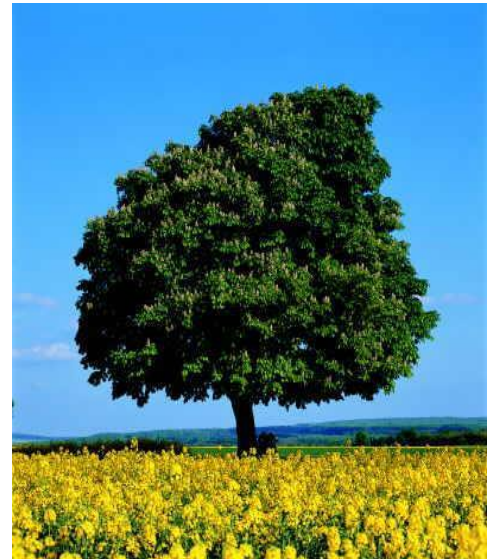
2.the increasing of "globalization" or the increasing of the (global) societal character of production and reproduction, as well as the deepening of informatization and communication-, and how?

3.and by which measurement? And



4. in a special stage of "post-colonial" development (Angela Davis)

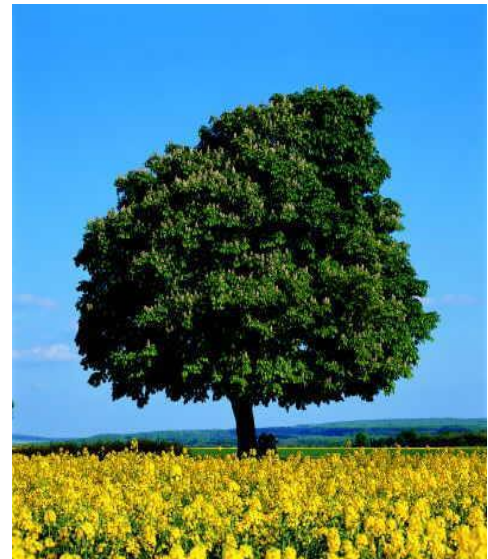
- with "globalization" and fast technical development -
- Currently long-term retained and cumulated global **distribution questions have come massively to the surface** and are on the agenda;
- But usually seen under other frames (e. g. xenophobia).
- *And further strengthened by the accumulated global environmental problems which finally are also matters of distribution.*



From the point of view of **capital**:
(global) balancing of profit rates
→ *for the capital side some equality may exist.*

It has always been different for the **non-capital side**:
Huge global wage gaps
Cleavages and segmentations among the wage-dependents
are not new, but current new challenges

Now the **world is growing together**, huge **disparities**
have become **more tangible**



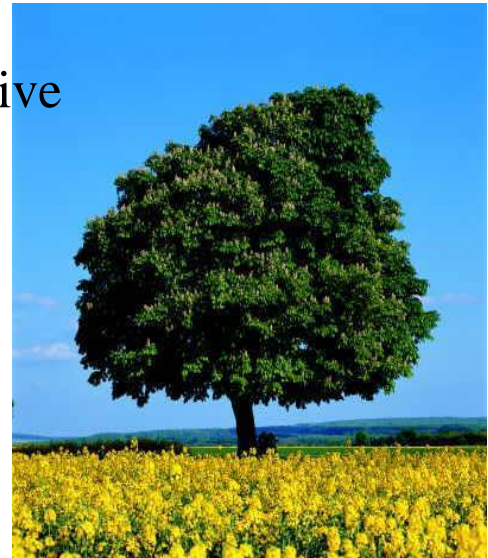
The **current stagnation of average wages** for many years in many “industrialized countries” has **accumulated wealth on the (financial) capital level**

Erosion of the lower middle class. Large strata feel as losers.

“**Scapegoat**” **resentment towards even weaker** (refugees) –*up to racism*

Are win-win solutions for the non-capital side in a global balancing realistic?

Are parts of the wage-earners in Europe in a global perspective a “**workers' aristocracy**” without a clear perspective for securing the current status?



Further elements of a new narrative

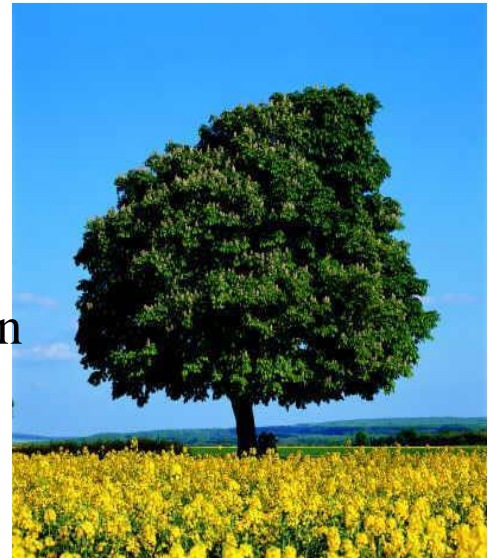
*Realization of "homeland earth" (Edgar Morin)

new embedding of the "national question"

so far the social and the national questions have been closely linked in all more or less successful socialist transformations - beginning with the seminal Parisian Commune - from Russia to Yugoslavia, China, Vietnam and Cuba. It would be fatal to ignore "national questions"

What about transformation of the national question?

An agenda of **participation and democratization of all spheres of life** could be useful: from the workplace to the village, from universities to a city budget, (re-appropriation of the conditions of life,



*Missing link of climate policy (1)

2° C target
Copenhagen
accord

because of irreversibility and uncontrollable implications when $> 2^{\circ} \text{C}$

→ fixed volume of remaining GHG emissions

How to allocate this volume of remaining GHG emissions? = Which **distribution** among countries and persons?

Missing link of climate policy (2)

2° C target
Copenhagen
accord

+

CBDR (Rio 1992
and Rio+20)

basic distribution principle

(Common but differentiated responsibility

=X (which concrete implementation?)

The equation for the missing link of climate policy (3)

2° C target
Copenhagen
accord

+

CBDR (Rio 1992
and Rio+20)

+

X

= climate stabilization

Shortly:

2° C target + CBDR + X = climate stabilization

The missing link of climate policy:

Equal rights (4)

2° C target
Copenhagen
accord

+

CBDR (Rio 1992
and Rio+20)

+

**Equal
rights**

=climate stabilization

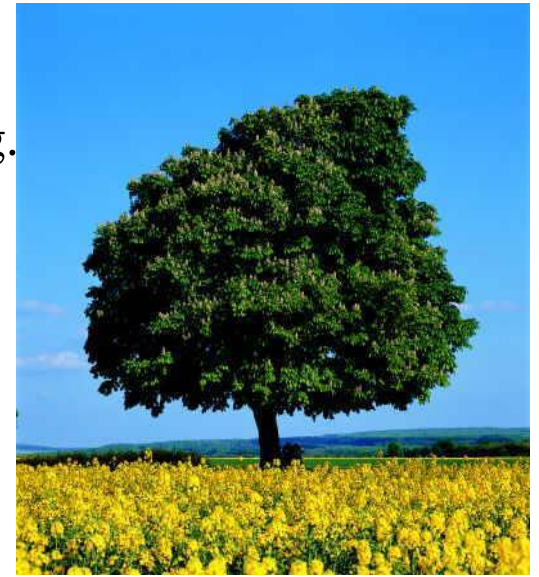
“Capitalism vs climate - This changes everything”

global economic distribution issues are aggravated massively by the ecological issues, which also reflect distributional relations

Climate change as the greatest failure of capitalism the world has ever seen (Stern)

There are many arguments that a broad convergence under capitalist conditions is not possible

Naomi Klein's book 2014: "This changes everything. Capitalism vs. climate"



Sir Stern (Stern Report + updates): a new strong narrative of capitalism

- On the one hand Stern has a very **realistic analysis** of BAU (business as usual) in climate change scenarios – good rationale for massive and quick actions
- Climate change is the “**biggest market failure**” in history
- **But** only capitalism has the creative potential to handle the challenges (Schumpeter!?) – stressing current developments in PV-industry

But what about

the **rebound effect** (more energy efficiency but also more demand to energy) because of capital accumulation implications?

Lock-in in fossil technologies because strong oligopolies can prevent devaluation of capital invested in fossil technologies

(Shifting to) **short term rents and profits** (determined also by the financial sector) – profit rates as “discount factors” devalutate future

Lacking compass: No or small integration of social and environmental costs in prices

Climate change as the greatest failure of capitalism the world has ever seen (Stern)

- **Non-linear, rather sudden developments**, which could lead to relatively fast disasters, are hardly taken into account in general climate models or at Stern (because it is very difficult to model) ,
- **Possible self-reinforcing effects:**
 - thawing of tundra with extensive methane release
 - melting of the Greenland ice
 -
- and others; all with very far reaching consequences.

Profit rate devalues future

- Via **discount rates** ("time preference rate"), future values are transformed to present values (future harms or positive effects).

$$\$X = \$X / (1+r)^n$$

r:= discount rate n:= number of accounted years

- **Mechanism of compound interest !**
- Usually in practical terms in **cost-benefit analyses** discount rates are assumed as high as the average profit rates of about 5-6%.
- Discount rates, which are not close to zero, devalue future damage (or positive effects) beyond the immediate next few years or decades to a value close to zero. See the diagram.
- So mitigation of climate change would hardly be worthwhile. Future in general or the life basis of life for future generations almost completely is devalued (e. g. the calculations of Nordhaus on climate change).

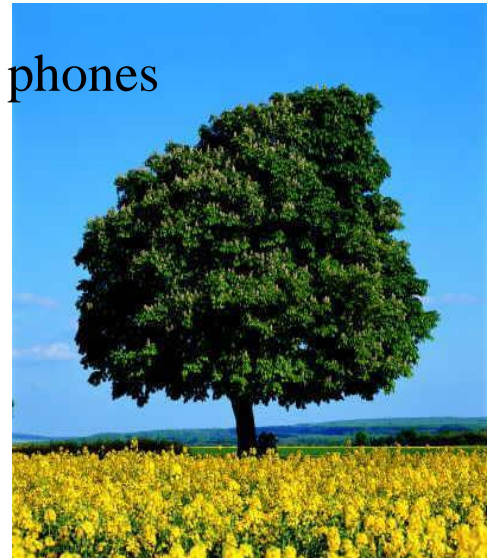
Productive forces are pushing for new solution

Climate change just now reveals only relatively minor impacts -But climate change contributed already in causing the Syrian conflict

result of the further deepening of the division of labor and of the social character of production and reproduction.

Increasingly: **(common) global production and working class**

Technical progress revolutionized communication, mobile phones and the internet.



The development of the EU between national concerns and transnational cohesion

The far right and nationalists openly want to destroy the EU

The main problem is that neoliberal policy has stressed self-interest and greed, devaluated solidarity, eroded integration and cohesion

A break-down will realize when the EU will not develop to more solidarity, participation and democratization



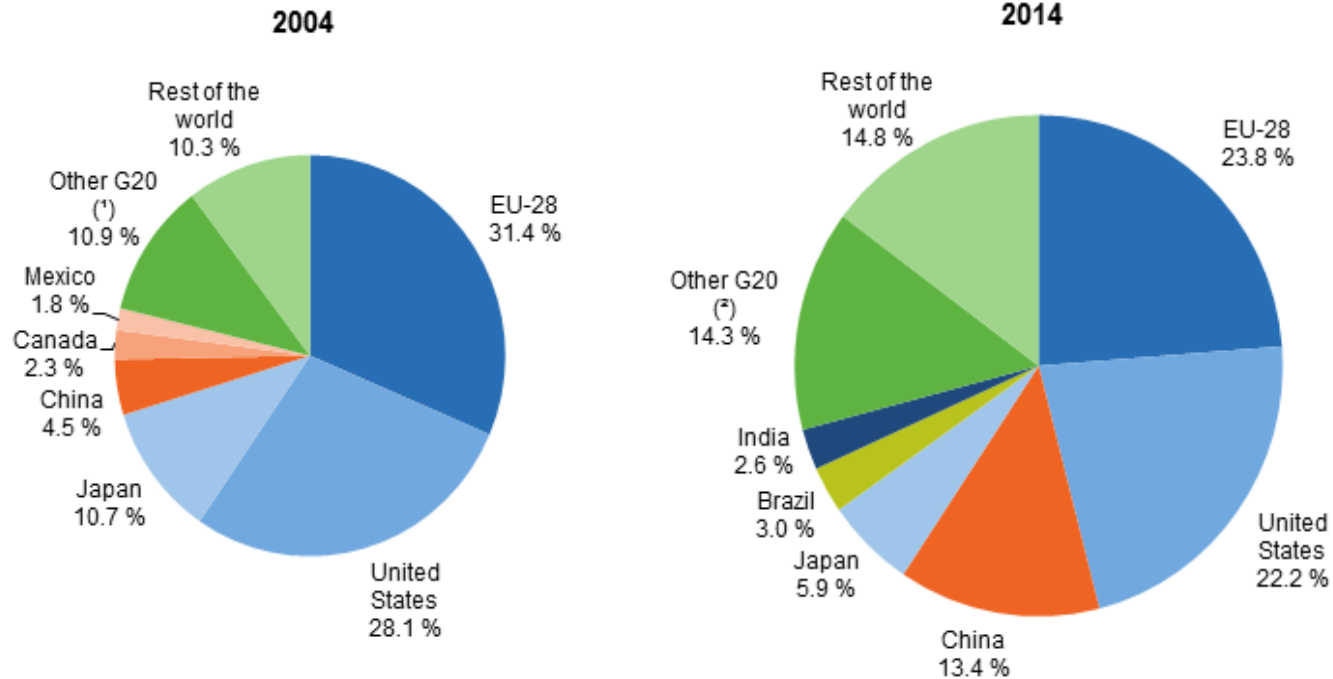
Defending the achievements of the European Welfare State - and going beyond

The attackers of the welfare state in EU argue simply: We are 7 % of global population, but afford 50 % of global social benefits and globalisation

It is also true that the global share of GDP for the EU is wide above average, and that the EU still is the biggest economic entity

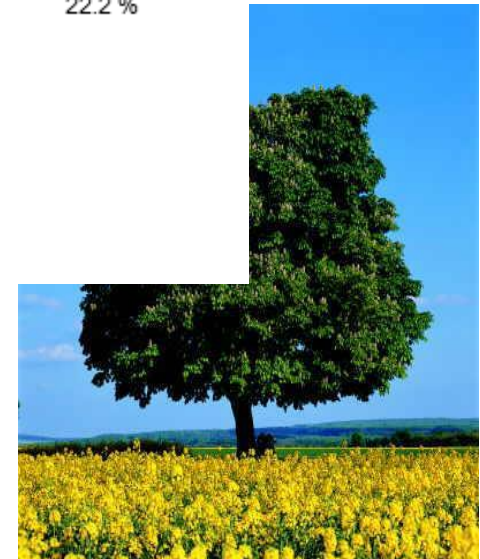


Shares of global GDP 2004-2014



(*) Argentina, Australia, Brazil, India, Indonesia, Russia, Saudi Arabia, South Africa, South Korea and Turkey.

(*) Argentina, Australia, Canada, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea and Turkey.

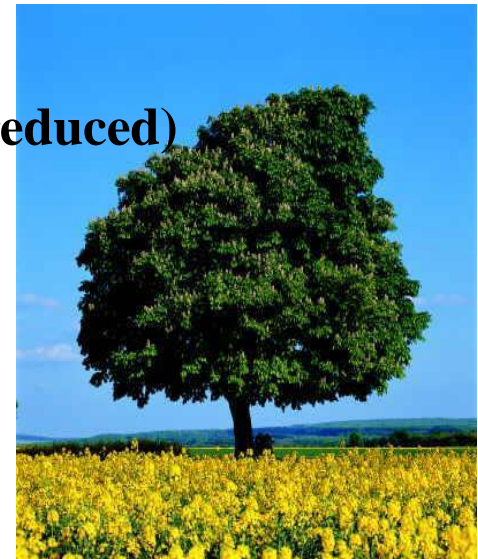


The EU global shares will probably decrease further, and this is necessary to attain global justice

The welfare state was realized in times of the “cold war” when the capital side accepted it to prevent further transformations.

A core idea was solidarity within a nation; but transforming it to the EU level is still in first stages, let alone the global level.

The far right want on the contrary want a regression; (reduced) welfare only to “true people” of a nation



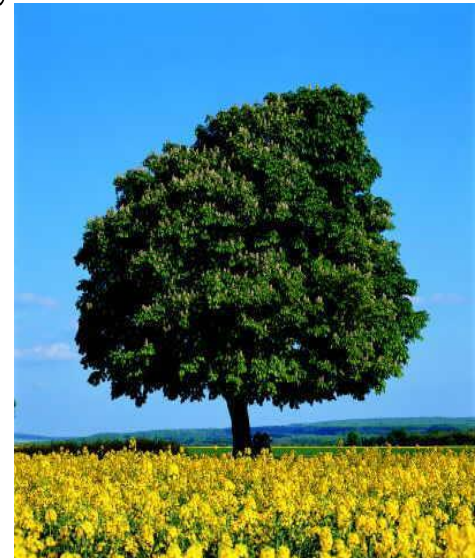
Existing welfare states are not perfect and not the end of the story

E. g. ecological elements are missing

Social Darwinists: social security decreases incentives for working, productivity and innovation.

But e.g. Wilkinson-Picket (2009) underpin the contrary

Especially a post-Fordist production mode requires more participation

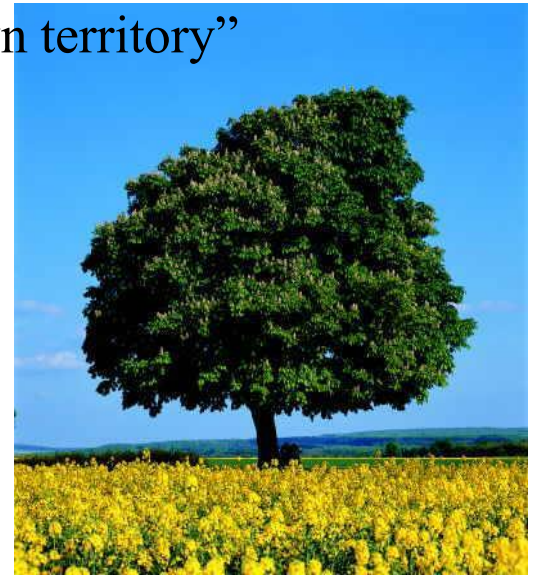


**Fundamentally New:
"DEADlines" create new realities,
can enforce "simultaneous" solutions (1)**

Requirements for relatively fast action from the "deadlines" resulting from "**strong sustainability**", especially in the context of climate change

The **windows of opportunity** beyond irreversible developments to avoid any drastic change in the framework of “known territory” are becoming increasingly smaller.

Time has become **the most limited resource**



Fundamentally New:

**"DEADlines" create new realities,
can enforce "simultaneous" solutions (2)**

- **Complex patterns of many losers and only few winners of climate change**
- **There will be only comprehensive large or no relevant solutions**
- **The solution to the climate issue can only be global in the end, and requires the involvement of almost all countries**
- **The poorer countries can and will (only) join on the basis of fairness and equality**

Fundamentally New:

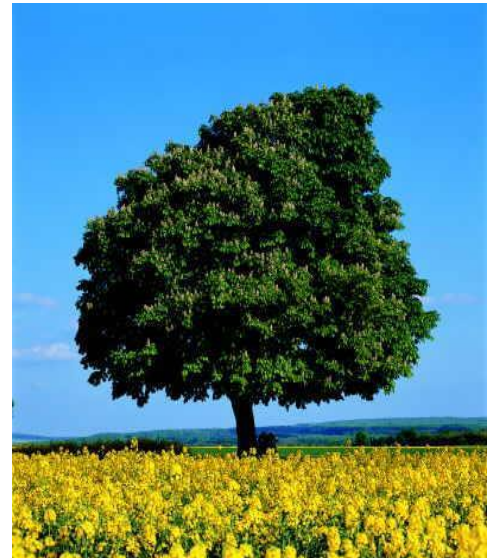
**"DEADlines" create new realities,
can enforce "simultaneous" solutions (3)**

- Fairness and equality put questions for the **historic responsibility** of the accumulation of greenhouse gases.
- This question **brings capitalist north's past back** in an rather unexpected way. For the first time strong trump cards also belong to the south in the central question of **burden sharing**; because climate change hits also the "rich" strongly and they only hardly can escape
- A fair solution for costs of climate change mitigation and adaptation can bring the foundation for the development of the South by redistribution, and **thus global convergence and cohesion**
- But perhaps only after **several attempts**

Further elements of a new narrative

- Increasing of the (global) societal character of production and reproduction, as well as the deepening of informatization and communication
- Productive forces are pushing for new solutions
- Climate change is “**biggest market failure**” in history
- Realization of “**homeland earth**” (Edgar Morin)
- Re-appropriation of the conditions of life
- Democratization
- Defending the achievements of the European Welfare State - and going beyond

In the centre: **Equal (human) rights**





BAUM presentation at ESEE Budapest
20-6-2017: MULTIPLE CHALLENGES