

The European Green Deal in Central and Eastern Europe – Lessons from the past

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The EU pursues a new growth strategy, called the European Green Deal (EGD). The EGD shall create a “modern, resource-efficient and competitive economy, where

Aims of the EGD

- there are no net emissions of greenhouse gases by 2050
- economic growth is decoupled from resource use
- no person and no place is left behind.” (European Commission 2021)

Central and Eastern European (CEE) countries, which heavily rely on fossil fuels, have started their race to these goals well beyond the starting line of ecologically more developed countries in Western Europe. Following public discussions, we can recognize a rising social and economic gap between the West and the East (E3G 2019:5), which might remind people of cleavages in the early 90s.

The EGD and the East – West Gap

After the transitioning from communism to democracy, e.g. Poland underwent in the 1990s the so-called shock therapy, in which the former government used a strategy of drastic privatization of public goods. Many sectors, among others, the agricultural sector and the rural population went through unemployment and did not enjoy the benefits of modernization and fastened economic progress (Myck, Michal / Oczkowska Monika 2018:3). This development was not in line with the concept of *leaving no one behind*.

Past Transition Inequalities

The situation of the overall CEE population stabilized in the late 90es and ultimately with the accession of these states into the EU in 2004. By entering the EU, for example, Germany was able to place more foreign direct investments (FDI) within the common domestic market into CEE countries. FDIs strengthened the transitioning economies (European Commission 2009:18), and were a key to combat the rising social and economic gap between the West and the East, at least in the short and middle term.

Past Solutions to Inequalities

By definition of the European Commission, the EGD is a new growth strategy of the EU, which shall fulfill criteria of sustainable development goals, which in theory is an honorable goal. Yet, learning from history, the new growth strategy might come across similar challenges, which the countries faced during their 90s transition. We need to recognize that this energy transition will very probably leave people behind again if the EU and its member states do not adequately prepare citizens for the transition¹.

History might repeat itself

The EGD is designed to achieve the greater good. Back in time, the greater good was joining a stable sui generis international organization such as the EU to decouple from communism and authoritarian regimes. Nowadays, the EU wants to decouple its economy from emissions to provide for a healthy future for its citizens. For example, Poland is the country with the highest share of fossil fuels, particularly coal, in its energy mix in an EU-wide comparison. To decouple the Polish economy from emissions, coal miners will have to face re-education, re-location, and restructuring of their financial situation, whether they like it or not. The latest example would be the verdict of the European Court of Justice which caused a coal mine to pause operation next to the Czech Border, due to its negative impact on the environment (Hernandez 2021).

The EU has learned from the past and the decision was made to create a mechanism, which considers social gaps. The EU created the Just Transition Mechanism (JTM), a conception within its broader Green Deal Investment Plan, which is worth overall €1 trillion (European Commission 2021b). The JTM mobilizes around €60 -100 billion in investment to support the countries, regions, and citizens who need the funding the most. The mechanism has three main pillars: the Just Transition Fund, the InvestEU Just Transition scheme, and the Public Sector Loan Facility.

Current Solutions to past transition difficulties

The transition in the 90s and early 2000s was mainly conducted through economical development. This approach was supported for a very long time in modern political science and economics, that a modern/democratic state relies among others on a strong economy. A prominent example would be Levitzky and Way, two political scientists who altered their views about earlier research (2020):

Biased modernization / democracy theories

1 Politico (2020): The article portrays vulnerable regions in an EU wide comparison, and shows that transition might not be as easy as some politicians argue: "Green politicians would come here, say, 'Relax, the coal industry is losing jobs but there are new wind power jobs' ... but they are in Hamburg and Rostock and not in Karlsruhe. That kind of talk is maddening for people."

"We have argued that most competitive authoritarian regimes emerge under conditions that are highly unfavorable for democracy—low-income countries with little or no democratic tradition. [...] In recent years, however, competitive authoritarianism has emerged in a handful of very different countries. In Hungary, the Philippines, Turkey, and Venezuela, democratic traditions and institutions were stronger than in cases of the kind described above"

*Possible enemy:
Environmentalist*

To illustrate what the authors mean, a look into Hungary might be useful. The country seemed to be a role model for EU integration, and it was granted accession in 2004. Nowadays, Hungary is the only "partly-free" state within the EU. Further, it is categorized as a "transitional or hybrid regime" (Freedom House 2021). The country politically developed back, political scientists describe this as deconsolidation of democracy or democratic backsliding, which e.g. occurs in Hungary and Poland (Foa, Stefan; Mounk Yascha 2017: 8). This deconsolidation happens despite of the relatively good economic situation of these countries.

*Deconsolidation
of democracies*

The democracies within the EU, which are in the process of deconsolidation, tend to spread a toxic narrative about the EU, European integration, and transition processes: "This is corralled within a contemporary context of a nationally oriented anti-EU sentiment cast in contradistinction to an international, urban, pro-EU elite who have so conspicuously failed to reconstruct Poland's economy, rid the nation of the remnants of communism and protect 'Poles, (peasants, workers, "us") from those who would threaten them". The wrong narrative of a failed transition² was promoted by the PIS (Law and Justice), the party responsible for the Polish deconsolidation process.

*Countries in
deconsolidation
use anti EU
narratives*

The EU is only a part of the wider enemy conception of such countries. After the initial creation of the enemy image of capitalists in the 90s, among others, EU, migrants, Muslims, homosexuals, intellectuals, and liberals were targeted³. For a country, which leans into authoritarianism, it preserves the right to stay in the government with any possible means and by rejecting political pluralism (Britannica 2021). Targeting these groups as supposed dangers to the society helps these countries often to pass controversial legislation, which in turn supports the maintenance of power of the political elites.

*Enemy
conceptions*

The EU needs to change its approach towards transitions. The EGD is defined by the EU

2 Research such as from Myck and Oczkowska 2018 states an overall positive perception of the transition.

3 Most recently homosexuals in Poland (LGBTQ free zones) and Hungary (Anti-LGBTQ law)

as a new growth strategy. The expression itself already reveals that social and political context is less of a priority, rather the development of a working economy. If the EU won't be able to respond to this, environmentalists might be the new enemy image because e.g. the transformation from fossil fuel economies might endanger the status quo of the current political elites.

To successfully implement the EGD, democratic states need to globally support and protect each other. Democracies cannot defend themselves alone and especially they cannot fight global problems alone. The new U.S. Government under Joseph Biden, who appears to be a strong advocate for liberal democracy, could support CEE countries with FDIs on their way towards a green economy (by having the positive impact of FDIs in the old transition in mind). The former Trump Administration showed already interest in the region by approving \$1 billion FDI into the Three Seas Initiative, a regional project for energy independence (Three Seas Initiative 2021). The project would have still the capacity for renewable energies within the broader EGD.

*FDI
cooperation
with global
democracies*

In terms of the protection of democracies, the U.S. shall keep staying active in protecting democracy in the CEE region, as they did by sanctioning corruption in the EU member state Bulgaria (U.S. Department of the Treasury 2021). The EU needs to increase efforts to hold democracy high and to protect and support socially disadvantaged groups. By seeing the EGD mainly as an economic challenge, the implementation won't be successful. Until now the JTM is a monetary fund, it is still not clear how e.g. Polish coal miners won't be excluded from society. Sole financial support won't stop countries with defective democracies to turn against the EU in the future, if the old elites feel the status quo endangered.

*Protection of
democracies
through global
cooperation*

There are first signs on the horizon that the CEE countries could hamper the EGD in the future. The Visegrad 4 countries initially vetoed the EU's 2050 aims, afterwards, they could be only convinced by the EU's monetary support towards the transition. Poland and Hungary almost brought the negotiations about the 2021-2027 Multiannual financial framework of the EU to a hold, which also includes the budget of the EGD. The connection of a rule of law mechanism into the budget allocation was the subject of a fierce debate. Finally, in form of a compromise, the mechanism came into life and it makes legal actions against both countries possible. There should be no doubt that both countries might use new enemy concepts in the future to block progress of the EGD. If this happens, the EU needs to protect its EGD from inside. The credibility of both countries is strongly damaged,

*Rule of Law
vital for the
EGD*

as they continue vetoing negotiations and violating existing deals made with the EU, which forces the EU to use more negative conditionality, such as a working rule of law mechanism. A worst-case scenario would be to allow allocation of money via the JTM to continuously deal-breaking countries.

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