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ON SOCIAL EUROPE AFTER COVID-19

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Abstract. Europe, the old world, was the epicentre of Covid-19 after its initial emergence and incubation in China. Having resulted in vast human misery, the pandemic raises necessary questions about the future direction of Europe – what kind of Europe will emerge from the devastation – and, moreover, will the eruption of the European societies be used as an opportunity for changing, i.e. recalibrating Europe? The overarching concern of this article is social Europe, i.e. Europe with a commitment to 'good society', conducive to human well-being. The article analyses the response to the virus in Europe and by the European Union. It contextualizes the response within the framework laid by the Maastricht Treaty of 1992 and the handling of the sovereign debt crisis of 2010. Thereafter, I turn to the 'Manifesto for the Democratization of Europe' by leading French social thinkers from 2018, in order to discuss the reconstruction of the eurozone governance. I envision an alternative role for the European Central Bank: instead of continuing with the unsuccessful Quantitative Easing (QE) strategy, the ECB should use its capacity to pay people of Europe a temporal universal basic income, which could later be made permanent. Both the manifesto and universal basic income stand in tension to the status quo, yet remain firmly on the horizon of the possible – and necessary to restore human well-being to the guiding principles of the European political economy.

Keywords: social Europe, Europe, Covid-19, T-Dem, Eurozone

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> Yes, we are all interconnected
> and it is time for Europe to
> acknowledge this
> (Roberta Raffaeta, 2020)

1. Introduction

Covid-19, described by the United Nations Secretary-General as the biggest upheaval since the Second World War, has wreaked havoc across borders and continents (UN 2020). The mobile, deadly virus initially travelled along the cultural and economic networks of globalization: manufacturing supply chains, tourism, religious gatherings and overseas students were the carriers and multiplying sites of the infection (NLR Editors 2020). Europe, the old world, was the epicentre of the pandemic after its emergence and incubation in China. The virus, which has claimed thousands of lives, brought much of the ordinary social life to a standstill, thus forcing the people of Europe to find refuge in the quarantine of home confinement. The psychological toll of spending weeks and months in isolation, working hazardously on the front line or being deprived of livelihood were the most common causes of the deterioration of human well-being amid and in the aftermath of the pandemic. Having resulted in vast human misery, Covid-19 raises necessary questions about the future direction of Europe – what kind of Europe will emerge from the devastation – and, moreover, will the eruption of the European societies be used as an opportunity for changing, i.e. recalibrating a post-Corona Europe?

Europe, and its joint governmental body – the European Union – were in a weak and stagnant state before the advent of the crisis management state. The liberal consensus of the European Union, previously successful in presenting itself as essentially the only viable way forward for Europe, suffered serious setbacks in the last decade, including the exit of one of the member states, Great Britain. The EU has so far absorbed the calamitous developments but, at the same time, carefully avoided any major reconstruction. Thus proponents of a progressive Europe claimed that the European Union has reached an impasse as a democratic project which benefits populations and stands for a better, more liveable world (see e.g. Balibar 2016, Offe 2015). Secular stagnation was the order of the day on the continent (and the United Kingdom) throughout much of the 2010s (see Chandrasekhar and Ghosh 2018). The growing standing of the populist right-wing political forces reversed the movement towards ‘ever closer Union’, bringing to the fore significant fault lines and undermining Europe’s commitment to hospitality and shared responsibility. European societies had become increasingly atomized. Competitive restructuring (structural reforms) dominated the political agenda both at the EU and the nation-state level (see e.g. Stiglitz 2017). Progress made in addressing inequality and achieving convergence between Western Europe and Scandinavia and Eastern and Southern peripheries has been undone; policies governing the eurozone (especially austerity) have advanced the interests of creditors and capital owners at the expense of wage earners, social welfare claimants and gender equality.[1] Critical commentators have thus spoken of a ‘lost decade’ and ‘a continent adrift’ when assessing Europe in the 2010s (Matthijs 2016, Hermann 2017).

Such were the contours of Europe before the advent of Covid-19. Unlike Douglas Murray (2017), even after the pandemic, I do not proclaim the ‘strange death of

[1] On austerity’s impact on gender equality in Europe, see Rubery (2015).

Europe'. But I do agree with Yanis Varoufakis that "a titanic battle is being waged for Europe´s integrity and soul, with the forces of reason and humanism losing out so far to growing irrationality, authoritarianism and malice" (Varoufakis 2016: 245). This proposition is increasingly pertinent. The overarching concern of this article is social Europe, i.e. Europe with a commitment to 'good society', conducive to human well-being. This is necessary in order to – at least in theory – avoid the 'recovery' strategy of the crisis of 2008, which, by cutting the public sector (including healthcare) expenditure, left Europe vulnerable to a large-scale humanitarian disaster. Pandemics, offering the chance to rethink the status quo, have historically resulted in changes in social life. They have been catalysts for imagining the world anew (Roy 2020). This is how I approach Covid-19 in this article. I want to reflect on a progressive change in Europe amid the dystopia of the virus. If not now, when will Europe be bold in its decision-making? When will a new page in European history be turned?[2] Indeed, "Europe has reached its constituent moment – it badly needs a reset" (Adelman and Delatte 2019: 89). This article will expand knowledge by providing an interpretation of what this 'reset' could mean for Europe, as well as offering an assessment of the EU's actual measures to respond the to challenge that the pandemic poses for the union. To do so, I will assess the 750 billion stimulus package agreed by the EU member states in July. The package marks a pivotal moment in the bloc's attempt to respond to the damage done by the virus to European economies and societies. It includes collective debt sharing for the first time in the Union's history but, as we shall see, does not go far enough in tackling eurozone´s structural imbalances.

First, before taking up the main task of the article, I introduce the notion of a 'social Europe'. Thereafter, I write about the two key developments that have led to the decline of social Europe. I thus take a long perspective on the current predicament that Europe faces. Coronavirus is an extraordinary occurrence, but the playing field in which European states find themselves has a history. I trace this history back to the Maastricht Treaty which had a profound impact on the rules of economic governance in Europe. Starting with this Treaty in 1992, the Union officially itself adopted a market-liberal stance both in terms of policy-making and discourse, which effectively marginalized earlier concerns with welfare and cohesion (see e.g. Streeck 2019). Thereafter, I probe into the divisive consequences that the eurozone governance has had in Europe. As we shall see, the 'straight-jacket' character of the euro area has enfeebled Southern member states, including Spain and Italy, where the infection has done the most damage. I then turn to Covid-19 in order to inquire into the challenge it poses to the future of Europe, including in terms of the fault lines that have re-emerged in Europe in terms of the recovery strategy and political alliances. Lastly, I focus on a path forward and inquire into social thought that aims at a reconstruction

[2] European history and the present are interconnected with (post)colonialism. European states monopolized political and economic power in the global South and accumulated their wealth through trade and extraction. The extractive relations, in addition, often did not end with the end of colonial rule (see for example Bhambra 2009). The EU's and individual member states' increasingly stringent border control measures are indicative of their current exlusionary policies. It is for these reasons that interdependence and transformation also need to be considered on a global scale, critically accounting for Europe's relations with the global South.

of European politics and the economy in order to arrive at a social Europe. I shall do this by engaging with the recent ‘Manifesto for the democratization of Europe’ (Boujou et al., 2019), an initiative led by prominent French intellectuals, that can play a significant role in re-launching Europe after the ravaging virus. Secondly, I argue for the change in the European Central Bank’s role: instead of continuing with the unsuccessful Quantitative Easing (QE) strategy, the ECB should use its capacity to pay people of Europe a temporal universal basic income.

I follow the tradition of the Frankfurt school critical theory both methodologically and in spirit. Critical theory is a form of inquiry oriented towards achieving a better social organization via a critical understanding of the forces which constitute the status quo. It is a philosophical endeavour aimed at illuminating the whole of human social life in its historical specificity. Critique of the economy is a vital part of critical theory, as it is the economy which is a cause of much of social misery. Economy, as a structuring principle of society and its contradictions, is too important to be left to professional economists (Horkheimer 1972: 244-252). I therefore contend that (political) economy is indispensable for the study of Europe, and that critique of the free-market capitalism instituted under the auspices of the EU is a necessity for envisioning social Europe. I proceed interpretatively. Interpretation in the tradition of the Frankfurt school critical theory is oriented towards understanding a phenomena in its historicity and elucidating its historical dynamic. Such a critical understanding enables a discussion of reconstruction by de-naturalizing what appears as natural, i.e. without history (Adorno 2000: 145-154).

2. Social Europe as a paradigm

In what follows, I will sketch the meaning of the notion ‘social Europe’ in terms of fundamental values and key practices.

The values which underlie social Europe (or the European Social Model, ESM) are sharing risk widely across society, containing inequality with the aim of preserving solidarity, protecting the most vulnerable, cultivating consultation in industry and providing a framework of economic and social citizenship rights for the entire population. These values anchored by the social model form a fundamental part of what Europe stands for (Giddens 2006: 14-15). Social Europe, quite clearly, presupposes that economic prosperity and social justice go hand in hand – something which was widely agreed upon in post-war Europe (Giddens, Diamond and Liddle 2006: 2). In addition, the European social model has six pillars. These are i) increased rights at work and improved working conditions ii) universal and sustainable social protection systems iii) inclusive labour markets iv) strong and well-functioning social dialogue v) public services and services of general interest vi) social inclusion and social cohesion (Vaughan Whitehead 2015: 3-10). Aiginger and Guger (2006: 126) argue that the European social model shapes production, employment and productivity and, thus, economic performance together with other economic policy objectives. Yet the model also has important implications for realms other than the economy: it influences social relationships, cultural institutions, behaviour, and the production of knowledge.

The 2010s saw the social dimension of Europe under considerable strain. Policies have been adopted by states which explicitly undermine social justice and cohesion: these include restriction of basic workers' rights, wage devaluation, cuts in employment and social benefits and lay-offs in public sector (Vaughan-Whitehead 2015: 16-20). German economic sociologist Wolfgang Streeck has captured a major transformation of European social policy in the same period which is worth quoting in length:

> At least two things have changed, however. The first is that conflicts over European social policy are now being fought out in the confrontation between defenders of national welfare states and Europeanist 'reformers' – the latter including supranational institutions of the European Commission, the CJEU and the ECB, still set on the pre-2008 course of neoliberal market building. The second is that social-policy battles have been relocated to the fields of monetary, fiscal and immigration policy, which claim priority over all others. In the process, the status of social policy within Europe´s political economy has undergone a profound change. Under the postwar standard model of social democracy, social policy had been institutionalized as a semi-autonomous policy area, governed by a logic of social integration that challenged and partly counterbalanced, the drive of economic policy for maximally efficient deployment of capital. Since then, social policy has lost its semi-autonomy. It has been absorbed into a more or less monistic neoliberal logic of rationalization-by-commodification, in which it became instrumentalized for, and subsumed under, a society-wide process of competitive restructuring (Streeck 2019: 133).

Such is the history and theory behind the notion of social Europe. Next, I will turn to the Maastricht Treaty and the euro as constitutive factors giving rise to 'new Europe' which is economically austere and socially fragmented; the Europe in which Covid-19 'landed' and subsequently overwhelmed.

3. Maastricht – the troublesome design

The Austrian economist Walter Baier has convincingly argued that the decline of the social Europe I have briefly outlined has a longer latency than the financial crisis of 2008 – the beginnings of it are contained in this treaty, signed in 1992 (Baier 2016: 39). Scholars have considered the treaty a watershed event in European integration which transformed the European Community (EC) in ways which seemed unthinkable a decade ago (Kohler-Koch 2013, Dinan 2013: 159). The treaty is of course multidimensional, with an impact on different realms of policy-making and institutional design. I will focus on the creation and design of the European Monetary Union (EMU), as it pre-figured the political economy of the single currency area. Setting in motion the EMU can also be said to be the most significant legacy of the treaty (Dinan 2013).

A common currency and a European central bank, the cornerstones of the EMU, would reduce transaction costs, manage uncertainty and benefit both Europe's trade and financial sector. It would create common rules for the national economies of the region (Caporaso and Kim 2013: 90-91). What, then, supports the argument that this treaty foregrounded the lack of growth and investment which were visible in the 2010s? Two major issues can be observed. First, while the treaty demanded fiscal responsibility, other relevant issues – growth, employment or unregulated capital flows – were not given the consideration they deserve. The raison d´etre was that states avoid large annual deficits and high levels of debt to GDP (Caporaso and Kim 2013: 92). From its inception, the European Central Bank and the currency union were set up according to the standards of the German Bundesbank, i.e. according to the standards of ordoliberalism and monetarism which dominated the Bundesbank. Struggle between Germany and France, the two leading EU powers, decided the ECB design. France eventually bowed to the will of Germany; it effectively meant France would follow Germany's economic discipline and abandon its earlier anti-austerity politics. Left parties in the eurozone more broadly and member states in Southern Europe in particular, shared a similar fate (Varoufakis 2016: 111-120, see also Howarth 2001).

Secondly, and related to the first issue, the treaty paved way for a new type of governance, where politics is increasingly subordinated to economic requirements. Nation states, bound to the new treaty rules, were deprived of their earlier sovereignty in economic governance without anything like this sovereignty being recreated at the European, i.e. federal level. This has created a situation where, on the one hand, the euro is a stateless currency, and, on the other hand, the indebted (Southern) peripheral countries are at the mercy of international bond markets (Lucarelli 2014). The single currency means that monetary policy no longer assumes the role of stabilizer. Debtor states do not regulate markets but are regulated by them. Politics in this new order has been decidedly circumscribed: the idea is not to rule but to monitor and punish violations of the 'natural' law of the market, with the unmistakable implication of depoliticisation (Baier, Canepa and Himmelstross 2018). As Wilkinson has recently argued, "[c]onsidered in the longue duration of the battle between economic liberalism and social democracy, Maastricht has been described as having put a decisive end to the European civil war between Right and Left that took place across the 'short twentieth century'". It signalled the triumph of economic liberalism over socialism (Wilkinson 2019: 9).

We can conclude that the Maastricht Treaty was inhospitable to social Europe from the beginning. It created the framework which constrains equitable European level solutions to Covid-19 and will thus need to be remade. I will now turn the exploration of how the once celebrated single currency, to which the Maastricht Treaty paved way, has further contributed to the struggles of the European states hardest hit by the pandemic (Varoufakis 2016: 119). This has been the most evident in the last decade.

4. The sclerosis of the Euroland

With the sovereign debt crisis of 2010, a distinctive mode of governance emerged decisively. This was a juncture of massive government intervention, including fiscal stimulus, to save the banks. Public spending, both nondiscretionary unemployment benefits and discretionary public expenditure, increased (Meadway 2012). Consequently, rising government deficits became the focal political concern. In Europe, the sovereign debt crisis morphed into a common currency crisis. Ireland together with Southern member states of the single currency union had incurred large deficits. The European economy plummeted. Financial speculation continued to be the order of the day. Structurally unprepared for a crisis of this magnitude, governments after initial hesitation rapidly moved from stimulus to fiscal austerity (Gualerzi 2017).

As a measure of crisis management, austerity has a long history, yet its results were known to be more than mixed before its heavy-handed administration in Europe, where it produced its own mythology (or ideology) – that of the frugal Swabian housewife (the traditional image of a housewife in southwestern Germany), who saves more than she spends and moralizes debt. While seemingly sensible, it conceals the fact that sound economic policy is by no means identical to the rationale of a Nordic housewife. Thus, the suffering caused by austerity policy is in theory – and has been in practice – much greater than its proponents dare to admit. Austerity undermines growth and revenues which in turn require spending cuts. Argued to be short-term medicine necessary in the long run, the loss of economic output as an enduring output of austerity tends to consecrate it, compounding failure instead of providing remedy (Stiglitz 2017). Export-prone countries survived the economic downturn with lesser hardship compared to the peripheries of East and South or the financialized economies of the British Isles. Yet the overall impression throughout the post-crisis era was one of fragmentation and decline. Desiccated welfare states in South Europe and Great Britain, trenchant austerity in Ireland and Eastern Europe were morbid symptoms of this. Solidarity, the indispensable building block of Social Europe, was in short supply everywhere. The European social model (of the pre-Maastricht era) was but a rapidly fading dream (Kavan 2018).

The tensions within the euro and its 'no alternative' mode of governance have unleashed a particular dialectic of integration and disintegration. Unifying different economic set-ups – the export-led Northern and domestic demand-based Southern – under strict budget and competition rules has proved a Trojan horse for the project of integrated, unified Europe (see e.g. Streeck 2016). Thus, in Europe where there is a progressive disparity between economy and democracy (i.e. where the economy is increasingly excluded from the field of democratic intervention), not only is the discourse of further integration unpopular, there is a rising tide in politics keen on undoing what is left of European unity. Austerity and the techno-speak of structural reforms cannot be neglected when explaining this turn in European political landscape; "[w]here national democratic institutions are neutralized by international 'governance', as under European Monetary Union, their de-politicized empty spaces are likely to be filled with new content, which may be public entertainment of the ´post-democracy´ or some politically aggressive form of nationalism" (Streeck 2016: 141). In agreement with Horkheimer (1972), I argue that the economy and cultural-political change need to be understood in relation to each other. Such a development trajectory was never favourable to a coordinated and strong response to Covid-19. In addition, as we shall see, it not only the short-term capacities of the EU and EMU member states that remain constrained by such international governance but also their longer-term recovery prospects.

Having provided a critical overview of developments in the single currency union in relation to the European social fabric and solidarity, I now proceed with the main part of the article – Covid-19 – a tremendous touchstone for both EU member states and its joint economic set-up. The virus both brings to the fore the difficulties of achieving a joint response to the troubles that Europe faces and provides a remarkable impetus for a reconstruction of the European status quo.

5. The disjointed struggle against Covid-19

Europe battled Covid-19 throughout spring and summer 2020. In July, the number of affected people rose to 3,308,506 million cases (CDE 2020). South-Western Europe was affected the hardest, with Italy, Spain, France, Germany and the United Kingdom facing a strenuous challenge. After initial differences, the crisis strategy of all these countries became a strict restriction of movement in the form of lockdown. Raffaeta has succinctly captured the impact of this policy in Italy:

> We cannot exit our municipality, nor our homes unless strictly necessary and motivated for reasons of work, clinic visits or the purchase of basic goods. In these cases, we have to carry auto-certification, stating our reason for travel. In the absence of this, or if found wandering around without reason, we are liable to prosecution.
>
> Our cities, beaches and ski slopes are now deserted, and for the most part, we are staying quietly at home. If we go out, we wear masks and, outside of shops, we stand orderly and distanced in queues (Raffaeta 2020: 1).

The requirement to carry auto-certification in fewer strict circumstances and deserted cities beyond south-west were Europe's predicament in much of the spring. Moribund social isolation became a reality, human contact a rarity. As such, as political theorist Wendy Brown has argued, the virus resulted in a subversion of existing, quotidian social and economic arrangements. On the other hand, it engaged inequalities of access to shelter and to health care. Doing so, the existing vulnerabilities under the twin arrangements of capitalism and nation-states were visibly intensified. It soon became clear that, despite the near-universal reach and the threat of the virus, we were not 'all in the same boat'. Front line workers of the care economy (medical workers, social service workers, food workers), whose contribution surfaced with the state of emergency, were simultaneously the most endangered segment of society (Brown 2020).

Nation-states, summoned from their role as supporting cast to borderless *laissez-faire,* have been the primary agents of dealing with the virus (NLR Editors, 2020). In South-West Europe, where health systems faced the strongest pressure in Europe, marked differences between states emerged. Germany tackled the pandemic the most efficiently (in terms of mortality rates). While the political decision to opt for a rapid lockdown is an important factor here, as well as the rapid testing and tracing carried out, the country's social market economy and socially cohesive values meant better preparedness vis-à-vis the emergency (*The Guardian* Editorial 2020b). Germany's double political stance under Angela Merkel's leadership (see Beck 2013) – austerity abroad, social market economy at home – has had important consequences for the health care sector capacity. Thus, per 100 000 population, the country has 33.9 intensive care beds, as compared to 16.3 in France, 10.5 in England, 9.7 in Spain and 8.6 in Italy (OECD, 2020). Both Spain´s and Italy´s health care systems, on the other hand, are among those that have been undermined by a decade of austerity (Potere al Popolo 2020).[3]

The European Union for its part struggled to come up with a coordinated response to the epidemic. Especially in February and March, the Union was divided and unable to work together. Only basic agreements were reached, i.e. a minimalist programme materialized in Europe. External borders were closed; a team of scientific experts, clinical trials and strategic reserve of medical equipment 'rescEU' were established. Member states' public deficit constraints were lifted by suspending the Stability Pact and budgetary constraints. An investment support mechanism for mobilizing liquidity available through structural funds was set up. Using the mechanism, European states had the leverage to rescue their troubled businesses. And the European Central Bank announced the creation of the 'Pandemic Emergency Purchase Program' (PEPP), which includes 750 billion euros worth of bond buybacks (Geissmann, Moritz 2020). A more significant joint response was arrived at on 9 April when EU finance ministers agreed on a 540 billion package to support member states, companies and workers in the coronavirus crisis. It included a joint employment insurance fund worth 100 billion euros, a European Investment Bank instrument intended to supply 200 billion euros of liquidity to companies as well as credit lines of up to 240 billion from the European Stability Mechanism (the euro area's bailout fund).

The rescue package is in an important sense a continuation of the measures applied by the Union in the decade after the financial collapse of 2008 and the subsequent sovereign debt crisis of 2010. As previously, loans from the European Stability Mechanism to member states are the rescue mechanism. Already heavily indebted Spain and Italy can stabilise their economies in the short term with ESM loans, but only at the cost of a long-term unsustainable debt level. The rescue package, in other words, requires cuts and austerity or rising taxes to counterbalance rising debt, thus repeating the logic of earlier EU rescue packages which weakened Southern members of the single currency union. It is for this reason that these member states

[3] The success of Greece – the country hardest hit by the eurozone crisis – in handling the coronavirus despite the deep healthcare sector cuts has been attributed to factors such as strong scientific leadership, political unity and rapid turn towards lockdown (see Hatzigeorgiou and Raj 2020).

demanded a different mechanism in the form of joint debt sharing (the so-called coronabonds) (Varoufakis 2020). A form of common debt instrument was proposed by Italy, Greece, Spain and Portugal together with Ireland, Slovenia, France, Luxembourg and Belgium. In a return of the North-South divide in the currency union, the proposal was rejected by Holland, Germany, Finland and Austria, the representatives of the so-called frugal North.

On 21 July, the European Union adopted a second rescue package worth 750 billion euros. This package for the first time takes the form of shared debt, allowing the European Commission to raise funds on capital markets on behalf of the member states to distribute millions in grants to hardest-hit nations, and the rest of the funds in loans to remaining member states. As a consequence of Northern countries' initial opposition to grants to Italy and Spain, the funds distributed in grants will be 390 billion, instead of previously proposed 500 billion. In addition, Northern countries were offered larger rebates from the next EU budget in return. The deal, which once again brought to the fore the EU's struggle between maintaining nation-state sovereignty and developing joint federal-style structures, is significant in that more creditworthy EU nations will underwrite loans to countries that would otherwise face unsustainable borrowing costs. And yet, the deal falls short of the change necessary to recalibrate the union. There appear to be no realistic means of bond repayment other than future reductions in union's budget or higher contributions from financially constrained member states. This in turn means that the emergency package is likely to result in a return to austerity in member states dependent on EU funds for investment. Lastly, progressive taxation (i.e. financial tax and digital services tax) is not part of the union's recovery agenda (Editorial, *The Guardian* 2020c).

As Vallee (2020) has cogently argued, in order to avoid the austerity and attritional politics of the previous decade, the eurozone needs to move towards fiscal federalism. This ought to take the form of taxing, spending and borrowing democratically controlled by the enfranchised European Parliament.

This section has sought to capture the nature of the response to the virus in Europe, as well as engage critically with the steps that the EU has taken until July. Although we are dealing with a phenomenon which as it strikes the system from outside, we have seen that both the response of hardest affected individual countries and the EU as a bloc reveals important continuities with the single currency union governance which divided Europe already before the pandemic. As the true economic and social consequences of this state of emergency appear to grow greater by the day and the European status quo is ill-equipped to deal with it within the current eurozone framework, I want to take my cue from Vallee (2020) and address the issue of democratization of European economic system. In addition, I will argue that the current moment is befitting for the introduction of universal basic income in Europe.

6. Exploring alternatives

Attempting to respond to the glaring democratic deficit of the EU and the eurozone, leading French intellectuals have recently written a 'Manifesto for the Democratization of Europe' (Boujou et al 2019).[4] The manifesto endeavours to end the socially harmful austerity and structural reform policies of the Union in the spirit of social Europe, i.e., solidary, humanistic Europe. Covid-19 has made the manifesto increasingly relevant. I turn to the Treaty on the Democratization of the Governance of the Euro Area and a shared European Budget – the two cornerstones of the manifesto. I focus on the theoretical substance of these two ideas.

I will outline the main tenets of the Treaty on the Democratization of the Governance of the Euro Area (T-Dem).[5] The Contracting Parties of the Treaty are the member states whose currency is the euro. By this Treaty, the Contracting Parties agree to undertake stronger coordination of economies and budgets, as well as fiscal and social coordination. The aim of the coordination is a proper functioning of the euro area. To do so, the Contracting Parties agree to establish among themselves an assembly called 'Parliamentary Assembly of the Euro Area'. The assembly – lying at the heart of the T-Dem project – is the institution representing the people of Europe within the governance of the euro area. It is composed of both the members of national parliaments and members of the European Parliament; both of whom will be involved in decision-making processes as citizen representatives. The Assembly shall be comprised of 400 members at most; four-fifths of its members shall be selected by national parliaments in proportion to the groups within them and one fifth of its members by the European Parliament in proportion to the groups within it and with due regard to political pluralism, following a procedure laid down by the European Parliament. The T-Dem together with the Assembly is not meant to supersede any of the European Union's existing institutions, nor their competences (Hennette et al. 2019: 68-70).

According to the treaty, the Parliamentary Assembly contributes to the governance of the Euro area by setting the political agenda (i) by participating in the preparation of the agenda of the Euro Summits (council of heads of state or government) as well as in the programme of the Eurogroup (an informal body made up of ministers of the euro area); (ii) by having a legislative capacity to further economic and fiscal convergence, as well as sustainable growth and employment; (iii) by having the means to assess convergence and conditionality policies of the last decade within the

[4] The need for a different euro area governance and economic policy has been clear ever since the euro crisis 2010 at the latest. There have been proposals that point in a similar direction to those that I have just outlined. For instance, in 2012 the Barroso Commission presented a blueprint for EMU reform which included a shared debt liquidation fund and authority for the European Parliament to democratically control economic management. These ideas have, however, been thwarted by strong resistance from Germany and the 'Hanseatic League' of Holland, Ireland and the three Scandinavian and Baltic states. In more recent years – in 2017 when Emmanuel Macron returned to the need for a euro area budget – it has been the insurgent right-wing populism in many countries that have blocked advancement towards change (Busch 2019).

[5] As of 30 April 2020, the manifesto has gathered 117986 signatures online (T-Dem 2020).

euro area. This includes having a final say in case there is a disagreement between the Assembly and the Eurogroup (Hennette et al. 2019: 64-65). The Assembly is meant to function as a counterbalance to the executive power of the Eurogroup. How is the convergence and coordination of economic and budgetary policies to be achieved? The Assembly (i) shall take part in the monitoring of the discussions on the annual draft budgetary plans of the member states and shall act as an advisory; (ii) shall provide assessments of the recommendations and reports submitted by the European Commission to the Council concerning euro-area member states subject to excessive imbalance procedure; (iii) shall deliberate the implementation of structural reforms recommended for the euro area; (iv) shall take part in the supervision of the euro-area member states' coordination efforts within the field of budgetary policies (Hennette et al. 2019: 72-75).

Lastly, I outline the proposal for the budget of the euro area. Established by the Assembly and the Eurogroup, its adoption requires approval from both institutions. Compromise is thus sought, while the Assembly has the final word. The budget has the purpose of fostering sustainable growth, social cohesion and employment, as well as greater economic and fiscal coordination between the Member States of the euro area. Fixed at 4% of GDP, the budget provides Europe much needed resources for investing in the future (i.e. in research, training and European universities) and for addressing the problem of inequality between countries. Finances would come from four major European taxes on profits of major firms, the top incomes (over 200,000 per annum), the highest wealth owners (over 1 million euros) and carbon emissions (Hennette et al. 2019: 81-83; Bouju et al. 2019).

The proposals of the manifesto would go a significant way towards rectifying the current structural impediments of the eurozone. However, I do not believe that this is sufficient considering the scale of economic damage that Covid-19 will cause to wide segments of European societies. Thus, it is time for Europe to implement universal basic income (UBI).

If in more ordinary times, the concept has repeatedly come up against the stubborn persistence of Protestant work ethic or common-sense opposition to seemingly unnecessary economic experiments, then the pandemic strongly strengthens the case for UBI.

Among the supporters of basic income is the pan-European DIEM 25 movement. DIEM 25 shares the same aspirations which are at the heart of this paper, i.e. to save Europe from disintegration. Basic income can and should be financed by money printed by the European Central Bank. Over the last decade, the ECB has flooded the financial sector with liquidity, which did very little for economic recovery. Instead, the trillions of liquidity reproduced the status quo with all its falling growth, instability and inequality. In addition, demand deficiency has been an unmistakable problem which endless synthetic liquidity has not been able to solve. Unsustainable debt and asset market price inflation have returned (Chandrasekhar and Ghosh, 2018). In 2015, 19 economists argued for an ECB paid universal basic income (of 175 euros) – for 18 months – as a far more effective measure for helping the real economy than the conventional quantitative easing (QE) (Chick et. al. 2015).[6] The period of such basic income ought to remain as proposed, but the monthly payment ought to be considerably higher, around 400-500 euros. The policy has an inflationary effect, which means it cannot be permanent (Van Parijs 2020a). Basic income would be a direct reversal of the *modus operandi* of the ECB; it would mean utilizing its possibilities to support European societies by providing an economic lifeline at a time of looming recession. As Malcolm Torry explains, the benefits of Basic Income are manifold and reveal the dichotomy of economy vs. human wellbeing to be misleading:

> A genuine Basic Income would provide a secure layer of income when all other sources are either absent or insecure: it would eject demand into the economy and help us avoid a recession: and because everyone would receive it, it would contribute to social cohesion that every nation will need if it is to get through the crisis (Torry 2020: 1).

The ideas of the manifesto and basic income are above all else complementary and ought to be implemented together. This would represent a major step towards a recalibration of social Europe.

In terms of universal basic income, the 'QE for the people' could subsequently lead to a permanent universal basic income (see e.g. Van Parijs 2020b). This could take the form of a Eurodividend, a partial basic income paid to every European resident (UBIE 2017).[7] Lausevic and Tanarro (2018) suggest that the Eurodividend should at first be 250–300 euros, which amounts to 2/3 of the smallest minimum salary in the Eurozone. Such an unconditional basic income could be financed by European wide VAT taxes, capital and/or machine taxes, eco-taxes and tax on financial transactions, i.e. along the lines that the above-discussed treaty envisions. Furthermore, the Eurodividend could be complemented by national governments in order to arrive at full liveable basic income in Member States.[8] The dividend, despite seemingly free money, is the product of a social system in which we all have a stake. Indeed, the dividend would go some way towards reversing the state of affairs where wealth is socially produced but privately appropriated. European solidarity, together with the conditions of Intra-European mobility, would gain significantly from such a solution.

As a social policy, the strength of the UBI lies in providing people a subsistence minimum regardless of their labour market participation.[9] Proponents of UBI perceive

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[6] NGO Positive Money Europe also advocates ECB Quantitative Easing for people of Europe. Calling for a 'helicopter money' to kickstart economies and help people of Europe, the NGO argues for a one-off monetary payment of 1000 euros to all Eurozone citizens (Positive Money Europe 2020).

[7] Basic income in Europe needs to counteract the exclusionary tendencies that Covid-19 pandemic has unleashed in Europe. Social fairness must be indispensable in its implementation: legal residency rather than citizenship ought to be the eligibility criteria.

[8] Universal Basic Income Europe, a European basic income advocacy network, has envisioned in its proceedings both these solutions: the Eurodividend and the Eurodividend topped up by Member States (UBIE 2018).

[9] 70% of respondents voiced their support for UBI in a recent survey conducted by Yougov in 6 major European countries (France, Germany, Poland, Italy, Portugal and Spain) in late 2020 (Standing 2021).

the security it provides as enabling one a greater freedom vis-a-vis work: freedom to reduce working hours, as well as have an income for work which is (often) not market provided (such as care work). Basic security and freedom of choice imply a society and economy which is saner than production or growth oriented. It implies a society where work is valued for the social contribution it makes or as a source of self-realization. An unconditional income would weaken the social status and financial security dimensions of work, thereby mitigating the traps of becoming ill from working too much or falling into penury due to unemployment (Van Parijs and Vanderborght 2017: 28).[10]

7. Conclusion

In sum, the majority of this article has been written at a time that the utopian philosopher Ernst Bloch called darkness of the lived moment – a time of anguish and (relative) isolation (see Bloch 2000: 199-203).[11] Covid-19 has abruptly given a tangible meaning to this otherwise speculative notion. Sharing Bloch´s utopian longing for a world hospitable to humanity, I have aimed to consider in rather more concrete – yet radical – terms Europe beyond such a moment. Without a doubt, Europe deserves better than another decade of pitiful business bailouts, structural reforms and progressive disintegration, one of the possible worlds of Europe once the shock of pandemic starts to wear off.

Providing a longue duration of Europe's abandonment of its social model, I argued that the Maastricht Treaty laid the groundwork for downward pressure on social investments and that the commitment to austerity after the sovereign debt crisis divided the continent. The crisis alleviation discussions between members of the Eurogroup in Spring and Summer have seen divisions between the Northern and Southern member states resurface. The 750 billion rescue package in July went beyond the previous structural limits of the union by a way of a shared debt between member states. Important as the agreement is for the union as a relief measure, it does not amount to a reconstruction of the eurozone or its governance, i.e. what is called for in order to recalibrate the union vis-à-vis the pandemic and the impasse that preceded Covid-19.

In the final section of the article, I turned to the 'Manifesto for the democratization of Europe' and agreed with calls for a European Central Bank financed basic income. Taken together, these measures represent what the late sociologist Erik Olin Wright (2010) termed 'a real utopia'. A parliamentary Assembly at the heart of the eurozone and a monthly income payment without strings attached stand in tension to the status

[10] Maintaining social cohesion in conditions of growing technologically-induced unemployment – increasingly workless world – is another recently widespread argument in support of UBI. I would argue that important as this claim is, it has less weight than the transformative impact UBI can have on work in a capitalist society. We ought to focus more on what kind of society we want to live in, rather than what may be our future condition as a consequence of technological development.

[11] On Ernst Bloch's humanism and utopianism, see Aidnik (2017) and Aidnik and Jacobsen (2017).

quo, yet both remain firmly on the horizon of the possible – and necessary. By taking the European institutional framework in a novel direction, such a reconstruction would restore commitment to human well-being to the guiding principles of the European political economy, a change worthy of the name real utopia. Alas, we have arrived at the unavoidable critical questions: When gathering in public spaces is once again permitted, will there be a radical and united spectre pushing against the European status quo? Will it prevail?

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