

NEXT GENERATION EU A SOUTHERN-NORTHERN DIALOGUE



Edited by Gian Marco Bovenzi
Conclusions and Policy Recommendations by Emma Galli

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ABOUT

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The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 47 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. ELF was founded in 2007 to strengthen the liberal and democrat movement in Europe. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks and other experts. At the same time, we are also close to, but independent from, the ALDE Party and other Liberal actors in Europe. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different actors.

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Projekt Polska

The mission of Fundacja Projekt: Polska is to bring together experts and young leaders to promote public policy solutions for Poland based on the free society, European values and the rule of law. The main goal of the foundation is to initiate changes in Poland with the help of professionals, think tanks and projects promoted with the support of the Foundation's partners.

VVD - Haya van Someren Stichting / VVD Internationaal

Haya van Somerenstichting/VVD International is responsible for the international activities and relations of the Dutch Liberal Party VVD. Haya van Somerenstichting/VVD International is based at the headquarters of the VVD in The Hague, The Netherlands. The main aim of Haya van Somerenstichting/VVD International is realising, maintaining and enhancing relationships with liberal sister parties and organizations around the globe and actively participating in international liberal networks.

MLS - Movimento Liberal Social

MLS, which was officially founded in 2005, aims at promoting social-liberalism in Portugal. The movement is a platform for individuals who believe that the old left-right dogma makes little sense today and that it is possible to secure a different and more constructive type of politics in Portugal. MLS stands for the sovereignty of the

individual; a fairer society, in an environment of solidarity and respect between individuals; equality before the law; a state that ensures the defence of the individual and of society.

Cidadania Social

Cidadania Social is a Portuguese private non-profit association that promotes independent research, providing resources to design appropriate and sustainable social policies, with a special focus on employment, social security, social solidarity and health.

Civismo

Spanish Foundation, Civismo evaluates, through research, the effects of economic and social policies, communicate them to public opinion and propose alternatives, so helping citizens make up their own minds, make decisions based on as much information as possible, and therefore, with greater freedom. Civil society should be involved and heard when it comes to designing public policy, so that citizens get to exercise individual liberty and contribute to overall prosperity.

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Emma Galli
Gian Marco Bovenzi

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INTRODUCTION

Next Generation EU is an instrument proposed by the European Commission to create a sustainable, inclusive and fair recovery for Member States, in order to face the challenges deriving from the Covid-19 pandemic.

The resources will be invested in three main pillars (as pointed out by the Commission), and namely:

1. Support to Member States with investments and reforms;
2. Kick-starting the EU economy by incentivising private investments;
3. Addressing the effects of the crisis.

“Next Generation EU: A Southern-Northern Dialogue” is a comparative study aimed at ensuring a dialogue between the two “Southern-Northern” European macro-regions, here represented by Italy, the Netherlands, Poland, Portugal and Spain, for an inclusive, resilient and dynamic reprise of the EU. Overall, the volume intends to offer a liberal perspective on the national policies pursued within the NGEU framework and grounded on the respect of the rule of law and of a sustainable development.

The issues covered in the book *“Next Generation EU: A Southern-Northern Dialogue”* are crucial, especially in a long run perspective and heterogeneous. The authors of each chapter will highlight the policies’ priorities of their countries.

Contributions from Italy provide an analysis of the major determinants of the structural decline of the Italian economy and focus on the capacity of the multilevel governance to use efficiently the NGEU resources. Spanish authors deal with the rule of law, taxation, and employment, thus implying how fundamental the Plan is in relation to the Spanish welfare State. In writing about sustainable business practices, ageing and digital transformation in the labor market, and energy transition, the Portuguese voices are oriented towards the best possible transition strategies. Authors from Netherlands point out perspectives on solidarity and fair redistribution in the EU, as well as the economic strategies and innovation in order to achieve better policies for the climate. Finally, authors from Poland focus on political narratives and economics strategies related to the implementation of the Plan in Poland – with a further focus on employment and ecological/energy transition.

Some remarks on the status quo of the Southern Northern dialogue and policy recommendations will conclude.

A map of the United States is shown in a light, faded blue color. Numerous gold pushpins are pinned to the map, marking various locations across the country. The pushpins are arranged in a somewhat circular pattern, with some in the Northeast, Midwest, South, and West. The background is a soft, light blue gradient.

SECTION I
POLITICS AND RULE OF LAW

I QUO VADIS ITALY? NEXT GENERATION ITALY AND THE FUTURE OF THE EUROPEAN ARCHITECTURE

Renata Gravina

Principles and criticism of the next generation italy program

Created a few months ago, Next Generation EU was conceived as a package of measures to boost the European economy. As a €750 billion temporary recovery mechanism it was, nevertheless, also designed to act as instrument with which to create a hopefully greener, more digital, resilient post *COVID-19* Europe better suited to the challenges of today and tomorrow.

The 167 pages of the Italian translation of the Next generation EU, namely the National Recovery and Resilience Plan, promises to pursue the objectives of a more modern, sustainable and cohesive country through more than 210 billion of financial resources set aside by the Next Generation EU programme and supplemented by funds allocated in the 2021-2026 budgetary program¹.

According to the Italian government, Next Generation Italy is 'a Recovery Plan' because it 'intends to

¹Next Generation Italia. Il Piano per disegnare il futuro del Paese, Ministero dell'Economia e delle Finanze. <https://www.mef.gov.it/focus/Next-Generation-Italia-il-Piano-per-disegnare-il-futuro-del-Paese/>

tackle the economic and social impact of the pandemic crisis, building on the lessons learned from some of the most difficult months in the history of the Republic'. The Italian government has been explicit in stating that 'Italian recovery must not take us back to the "old days". It is to build a new Italy'². Moreover Next Generation Italy was conceived of as a resilience plan. In Italian state terms resilience means ensuring the country's readiness for current and future difficulties and, more specifically, an awareness of the 'need to adapt our country to global challenges'³ 'because the pandemic and the environmental emergency placed the extreme events of the present at the centre of our attention, both for the present and the future'⁴. Lastly, Next Generation Italy is also thought of as a national reform plan, because 'the investment lines are accompanied by the adoption of a reform strategy as an "enabling" and catalysing element, in line with the European Commission's Country Specific Recommendations (CSR) and the National Reform Plans (NRP) adopted by the Government'⁵.

The thematic implementation of the Italian National Recovery and Resilience Plan (INRRP) has been divided into 6 missions: 1. digitalisation, innovation, competitiveness and culture; 2. green revolution and environmental transition; 3. infrastructure for sustainable mobility; 4. education and research; 5. inclusion and cohesion; 6. health. INRRP in turn comprises 16 functional components designed to achieve the economic and social objectives defined in the government's strategy⁶.

²Italian National Recovery and Resilience Plan. http://www.governo.it/sites/new.governo.it/files/PNRR_2021.pdf, p. 11

³*Ibidem*

⁴*Ibid.*

⁵*Ibid.*

⁶*Ivi.*, pp. 21-22

What has emerged in many scholars' opinions, from the first and also the current draft – the Italian plan published on 13 January 2021– is that Italian planning is at serious risk of being neither innovative nor stimulating cohesion, two aspects which are indeed essential to the success of the generally high expectations revolving around Next Generation EU's plans⁷.

From the point of view of innovation (which is mostly based on digitalisation, since it affects all six missions across the board, albeit in a different manner) and especially during the second wave of the pandemic, many authoritative liberal Italian voices have warned of the risk that European facilities in INRRP could be used to cover state intervention, for example funding initiatives that are already underway, rather than funding entrepreneurial innovation, thus slowing down private incentives.

In actual fact, according to Giorgio Barba Navaretti, 'public resources will have little effect if they fail to mobilise individual investment, too'⁸. 'Private investment is therefore essential to complement public investment, as well as to achieve Europe's environmental objectives' envisaged by Next Generation EU9. Luigino Bruni fears 'the 'resource curse', and, on the other hand, the fact that a large amount of money can lead to a kind of lethargy which does not allow for the full development of pre-existing means. The 'resource curse' can only be averted by acting on what structurally slows down the Italian economy, such as gambling, corruption, tax evasion and the mafia

⁷L. Fix, T. Kirch, 'What if the Eu's Economic Recovery Plan Fails?', Carnegie Europe. <https://carnegieeurope.eu/2020/11/19/what-if-eu-s-economic-recovery-plan-fails-pub-83274>

⁸G. Barba Navaretti, 'C'è troppo Stato nella versione italiana del Next Generation Eu', Il Sole 24 ORE. https://www.ilssole24ore.com/art/c-e-troppo-stato-versione-italiana-next-generation-eu-ADd50rCB?refresh_ce=1

⁹Ibidem

economy'¹⁰. While praising the Italian effort to meet emergency needs in a context of economic depression, Stefano Zamagni, civil economics theorist, has also called for greater vigilance 'to ensure that projects that will benefit from European funds do not fall victim to the usual Italian vice of funding initiatives that tend to correct and improve precariousness rather than vulnerability'¹¹.

Basically, while welcoming the huge investment made by Next Generation EU, the liberal world suggests concentrating efforts on combating Italian structural ineffectiveness and generally recommends investing in good business in the small and medium term in the spirit of relaunching enterprise and promoting sustainability. In short, in the words of Massimo Famularo, liberals are calling for the 'promotion of entrepreneurship and individual responsibility'¹² and inviting the Italian government – as Luigi Einaudi once responded with regard to the American Marshall Plan conditions – to refrain from 'plugging holes in the current state budget'.

Apart from the budgetary issue, which is also a fear of Moody's, since 'an Italian inability to take advantage of the substantial resources of the Next Generation EU in order to increase its long-term growth potential would likely exert downward pressure on its credit profile', the applicative aspect of INRRP governance and cohesion seems also to pose a number of problems.

¹⁰L. Bruni, 'Recovery Fund: una sfida da non sottovalutare. Il commento di Bruni, Zamagni, Becchetti e De Palo, Il risveglio duemila. <https://risveglioduemila.it/2021/01/recovery-fund-una-sfida-da-non-sottovalutare-il-commento-di-bruni-zamagni-becchetti-e-de-palo/>

¹¹S. Zamagni, *ibidem*

¹²M. Famularo, *Il dito della crisi e la luna della ripresa*. <https://www.fondazioneLuigieinaudi.it/tafeaimassimo-episodio-9-il-dito-della-crisi-e-la-luna-della-ripresa/>

For instance, for Federico Butera, political solidarity between public and private stakeholders should generate a synergy, a ‘double helix’ pact designed to use the funds immediately once they have been obtained. Moreover, it should not be simply a matter of dividing up resources but of creating and identifying viable strategies and execution¹⁵. Likewise for Marcello Messori, who adds not only that public-private and centre-periphery cohesion should have come into play before the Italian draft plan was even drawn up, but also that the central government should ultimately take on responsibility for formulating a synthesis and demonstrating its decision-making capacity, at a time at which any failure to do so would mean irreparably wasting exceptional resources¹⁶.

Nevertheless, the cornerstone of the ‘implementation’ phase of the Italian plan would seem – for Luigi Tivelli – to be totally invested in a depressing dispute between parties, at a time when only united governance, together with the Recovery Plan’s contracting authorities, can guarantee the plan’s feasibility, effectiveness and, above all, credibility (especially in relation to the European Union)¹⁷.

That the ‘implementation phase’ of the Next Generation Italy plan should be the most complex aspect is something which all sensible economists agree on. Indeed, even Marco Buti, head of cabinet for the European Commissioner for Economic Affairs, Paolo Gentiloni, agrees with the idea that INRRP needs long-term structural planning, especially because it is a crossro-

¹⁵F. Butera, ‘I patti 2030 per usare bene il Next Generation Eu: il ruolo delle regioni e delle città’, *Il Sole 24 ORE*. <https://www.ilssole24ore.com/art/i-patti-2030-usare-bene-next-generation-eu-ruolo-regioni-e-citta-AD87sax>

¹⁶M. Messori, *Next Generation EU e il Recovery Fund: innovazione, riforme e le sfide per l'Italia*. <https://www.biennaletecnologia.it/sessioni/next-generation-eu-e-il-recovery-fund-innovazione-riforme-e-le-sfide-per-litalia>

¹⁷L. Tivelli, ‘Vi spiego l’ultima versione del Pnrr: tra vizi e virtù’, *Formiche*.

<https://formiche.net/2021/01/pnrr-vizi-virtu-recovery/>

ads in the institutional paths that Italy and Europe will travel down for generations to come¹⁸.

The Next Generation Italy plan is facing the difficult task of finding a synthesis of very different demands and perspectives which have been the subject of differences of opinion within Italian government and society for far too long. Italy is backward in economic as well as administrative, organisational and cultural terms. But, as Messori has underlined, Italy's most likely future economic framework is a sequence of recessions and recoveries that could ultimately shift it towards stagnation¹⁹. In the light of this, and reflecting widespread scholarly views, Messori has pointed out that the Next Generation Italy plan is much more than a technical instrument, raising question marks over sustainable development and, most of all, opening up prospects for governance and fiscal policies that will bring the convergence with the euro area into play. Indeed, the implementation of Next Generation Italy is crucial both to saving the country economically, socially and culturally from a negative destiny and, as concerns Europe, from an accentuation of the North-South divide (an economic drift)²⁰.

What Destiny for European Architecture?

Widening the scope of this analysis from Next Generation Italy to the European institutional architecture gives us an insight into the challenge this current transition represents for Europe, one which is just as great as COVID-19's challenge to social 'resilience'. In fact, the

¹⁸M. Buti, Next Generation EU, cit.

¹⁹Messori, *ibidem*.

²⁰*Ibid.*

pandemic has determined a sort of ‘year zero’, from which Italy will either emerge with a generational and long-range vision or it will have been a one-off intervention which can only imply a negative watershed with Italy’s own future.

Erika Widegren (co-founder of Re-Imagine Europa together with President Valéry Giscard d’Estaing) stressed that Next Generation EU ‘not only represents an opportunity for Italy to turn around its economic policies’, but also a complete change of perspective for Italy’s national architecture and indeed for post-Lisbon European strategy as a whole²¹. Emilio Rossi and Roberto Menotti have also pointed out that the current phase is a sign for the future, implying the need to show ‘the ability of all actors of global governance (in this case the European Union) to exit the crisis by strengthening international cooperation’²². On one hand, as the south of Europe together with Spain, Portugal and Greece, Italy cannot ignore European expectations, but on the other hand it should take the centre-stage in them, because at this stage ‘recovering the south of Europe’ and doing so successfully means ‘relaunching the post-Lisbon institutional architecture’.

If the European Union’s institutional architecture is unable to implement a credible European project without the south of Europe, from the Italian perspective returning to growth which leaves the south behind is also inconceivable. Any solution to Italian backwardness must include the south, as well as local government in general. As far as the south is concer-

²¹E. Widegren, *ibidem*

²²E. Rossi, R. Menotti, Bilancio, “Next Generation EU” e Rule of Law – lo snodo del futuro europeo”, Aspenia. <https://aspeniaonline.it/bilancio-next-generation-eu-e-rule-of-law-lo-snodo-del-futuro-europeo/>

ned, integration was seen as the only way of building the nation on liberty foundations even during the historic Italian unification debate. This is why the ‘other Europe’ (in the words of liberal Giuseppe Galasso²³) must be brought into any plans, especially at this decision-making stage. But resolving Italy’s backwardness also requires starting afresh from the local level of government, as was the case with the pandemic, when the health emergency imposed synergy between states but mostly between local authorities.

What is certain is that the new President of the European Commission, Ursula von der Leyen, has placed inclusiveness and integration centre-stage in her political agenda. There is nothing random about the fact that she has pledged to establish a Conference on the Future of Europe in an effort to bring Europe closer to its citizens and give fresh impetus to Europe-building ‘from below’, possibly also to avert institutional European unilateralism²⁴.

In this sense, then, a southern, ‘bottom-up’ perspective once again brings up the unresolved methodological subsidiarity approach as a tool for national and European policy in response to needs. As is well-known, the principle of subsidiarity – one of the European Union’s guiding principles since the Maastricht Treaty of 1993 and historically deriving from the social doctrines of the church²⁵ – is based on the idea that any response to a need must be guaranteed by the institution closest to it²⁶. From an organisational standpoint, subsidiarity implies the legitimacy of level strategies in

²³G. Galasso (1982), *L’Altra Europa. Per un’antropologia storica del Mezzogiorno d’Italia*, Milano, Mondadori

²⁴[https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI\(2019\)644202](https://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2019)644202)

²⁵Compendium of the Social Doctrine of the Church, n. 186

²⁶A pillar of European Union Treaties (Article 5 (3) TEU). Definition of Subsidiarity. <https://eur-lex.europa.eu/summary/glossary/subsidiarity.html>

accordance with the origin (local, national, European) of the needs they respond to. From a philosophical-institutional standpoint, it implies an application of the federation principle (the sharing of powers between several levels of authority).²⁷ Since, until recent years, this principle was considered to have been left almost entirely on paper by states²⁸, the crucial question is whether the European perspective should now be turned upside down, from a southern, 'bottom-up' perspective²⁹ and whether this would contribute to a more acceptable satisfaction of needs and inclusion of citizens in the building of any future institutional architecture.

As the pandemic 'year zero' has, quite literally, reset our conceptual frameworks, could these be addressed by bottom-up and local perspectives? Might these be a better and more direct and immediate response to urgent needs, such as inclusion, work, enterprise?

One response to combined gradualism in skill organisation and guaranteeing pluralism, democracy and freedom is Dusan Sidjanski's idea of 'federal subsidiarity'. As a well-known pro-European and federalist at the Jacques Delors Institute, Sidjanski has asserted that the complementarity between the two concepts has been evident throughout the Europe-building process. Indeed, the federalist tendency has developed in respect of 'Union through diversity' for the different national and regional components of Europe³⁰.

²⁷The principle of subsidiarity on the European Parliament's website. https://www.europarl.europa.eu/ftu/pdf/en/FTU_1.2.2.pdf

²⁸V. Delhomme, 'How to turn subsidiarity into an effective tool? Reflections on the Communication of the European Commission on the principles of subsidiarity and proportionality'. <https://europeanlawblog.eu/2019/03/19/how-to-turn-subsidiarity-into-an-effective-tool-reflections-on-the-communication-of-the-european-commission-on-the-principles-of-subsidiarity-and-proportionality/>

²⁹P. Eng (2019), 'A Stronger Bond through more Subsidiarity', Make Your Choice: Liberal Visions for Europe, European Liberal Forum. <https://www.liberalforum.eu/wp-content/uploads/2019/11/Make-Your-Choice-Liberal-Visions-for-Europe.pdf>, pp.51-58

³⁰D. Sidjanski (2002), Per un federalismo europeo. Una prospettiva inedita sull'Unione Europea, Milano, Franco-Angeli, p. 18

As far as subsidiarity is concerned, according to Sidjanski 'autonomy' and 'participation' are guaranteed by the principle which 'determines which level is most effective in exercising a function on the basis of available resources and capabilities'³¹. For Sidjanski, both federalism and subsidiarity have provided answers to emerging European problems, averting political impasse. This has happened because federal subsidiarity has been employed as a method with which to gradually intervene in institutions, without ceding further sovereignty in the already difficult Europe-building process³².

For Michael Schneider subsidiarity has never been better-suited than it is today to the challenge of bringing 'Europe closer to the citizens, because it provides the perfect framework as it ensures that decisions are taken at the most appropriate level: European, national, regional or local. The principle of subsidiarity must thus', he argues, 'be the yardstick for the democratic legitimacy of EU legislation'³³.

For Paolo Venturi what seems certain as far as the state and the business community is concerned is the need to embrace this change in priorities and approach to citizenship for the sake of survival, because 'the person at the centre, the attention to the territory and to the communities inside and outside the companies relaunched a new mutualism where digital and local reconnect to respond to the growing need for security'³⁴.

³¹Ivi, p. 19

³²Ivi, p.46

³³M. Schneider, 'Europe must deliver at the level closest to the citizens Subsidiarity: Past, present and future', *European View*, 18, 1, pp. 16-25. <https://journals.sagepub.com/doi/pdf/10.1177/1781685819844466>

³⁴M. Dotti, 'Lo stato imprenditore è uno stato sussidiario o non è', *Vita international* <http://www.vita.it/it/articolo/2020/07/28/lo-stato-imprenditore-e-uno-stato-sussidiario-o-non-e/156338/>

Conclusion

The Next Generation Italy Plan and Next Generation EU should consider this period of pandemic-induced weakness as a sort of wake-up call, a chance to identify Europe's real needs and create a new institutional architecture in which modernity, sustainability and cohesion dialogue with citizens, through interlocking multilevel governance as well.

Beyond structural reforms³⁵ – without which no renewed agreement under the banner of economic Europe can be launched – Italy in Europe and Europe in Italy should focus on reducing the overregulation which paradoxically feeds the fading European dream through a real world principle such as subsidiarity constructed as a 'double federalism', as the American Society of Political and Legal Philosophy's 2011 annual meeting also asserted³⁶. Certainly if it does not directly nurture the utopia of the European dream, with its need for a long-term vision, it will, at the very least, help to avert the slide towards a separate spaces 'heterotopia' crisis³⁷.

³⁵P. Baroni, *La stampa*, cit.

³⁶E. J. Fleming, T.L. Jacob (2014), *Federalism and Subsidiarity: NOMOS LV*, New York, New York Press

³⁷M. Foucault (1971), *The Order of Things*, New York, Vintage Books