

The challenges of the post-pandemic recovery in EU: are cities crucial?

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The cities and territories of the PNRR.

Actors, processes, policies

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Bologna

What role can cities play in mitigating the growing crises?

- First, **COVID as a laboratory**: showing, how cities handled the shock. Many innovations were born, but most of them vanished away by now.
- Second, **the recovery effort of the EU**, as a top-down framework policy. The limited result of it is largely due to the selfish national behaviour, giving very little power to cities.
- Third, **an outlook on the future**, which is very bleak, with a real risk of major collapse in global systems already within a decade.

I. The anatomy of the COVID shock: the birth and deaths of urban innovations and expectations

Presentation commented by **Anna Lisa Boni and Marco Cremaschi** (max 15 minutes total) + 5' additional panel time

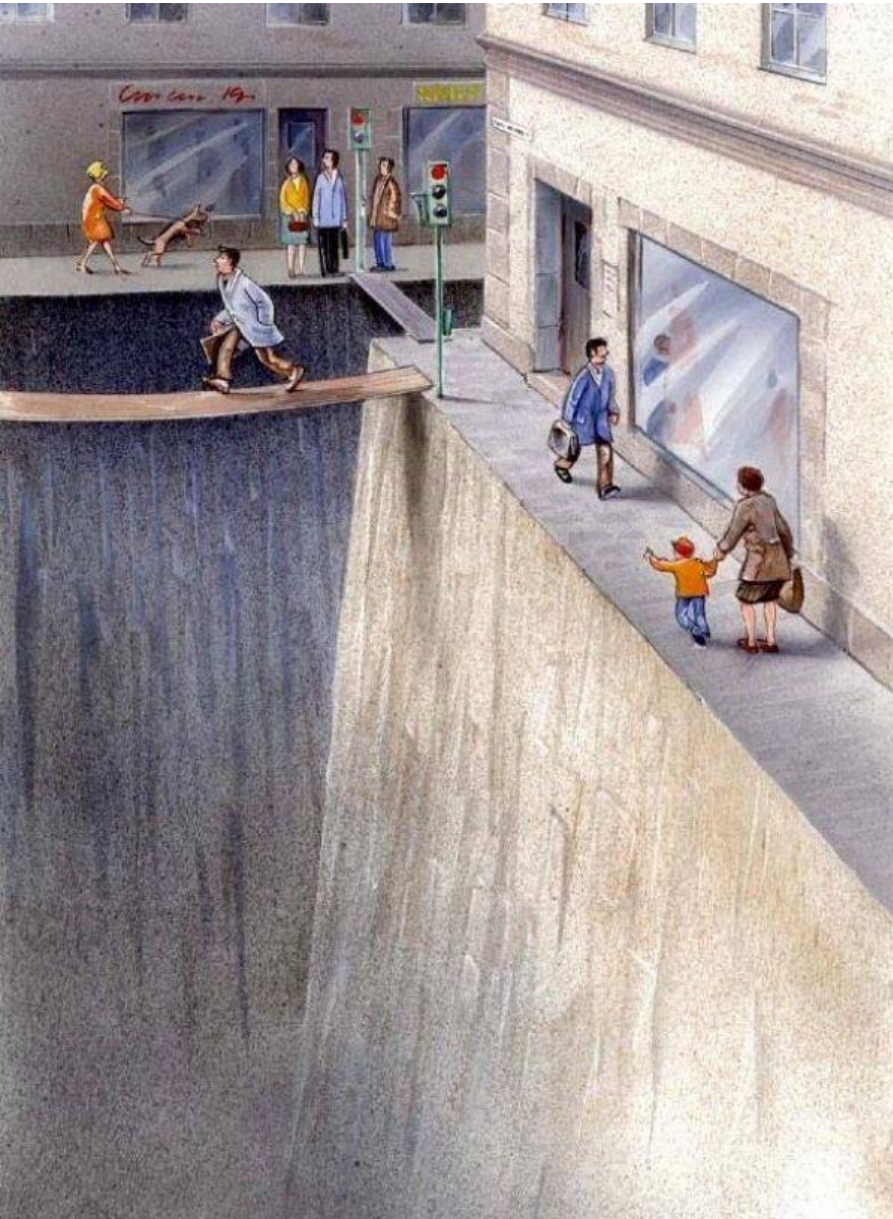
Summary and illustration of the innovative reactions of cities and other public actors on the pandemic, giving a short overview on emerging ideas how urban life could/should change after COVID and finish with a critical overview of how life has been rearranged by today as if nothing had happened.

1. Changing the use of public space

Immediate interventions by city leaders to ensure conditions for social distancing

- Taking away space **from car use**
- Increasing opportunities for **walking, biking**
- Adding space to **local leisure activities**

These decisions were taken **in a rush**, without the usual partnership consultations



Brussels, May 2020. Photo: Adrian Hill



Redesigning streets: first temporarily, later fighting to keep the changes for longer term - "Strade Aperte", Milano



*João
Alfredo
Street in
Porto
Alegre*

*Photo by
WRI Brasil*



Playing street in Berlin. www.berlin.de



Tampa Downtown Partnership, © GoVilnius

The survival dilemma of tactical spatial interventions

Radical changes in the use of public space **need long planning process with many consultations**

- Example: Mariahilfer strasse, Vienna

Tactical urbanism interventions are **easier to decide but harder to defend**

- Grand Boulevard bike lane, Budapest
- Great Walks of Athens
- Rue de Rivoli, Paris



Green interventions in cities: how do they perform/survive?

BUDAPEST: reorienting public spaces





Hungarian minister spoke officially against pop-up bike lanes: the oppositional mayor of Budapest is „chasing the car drivers”

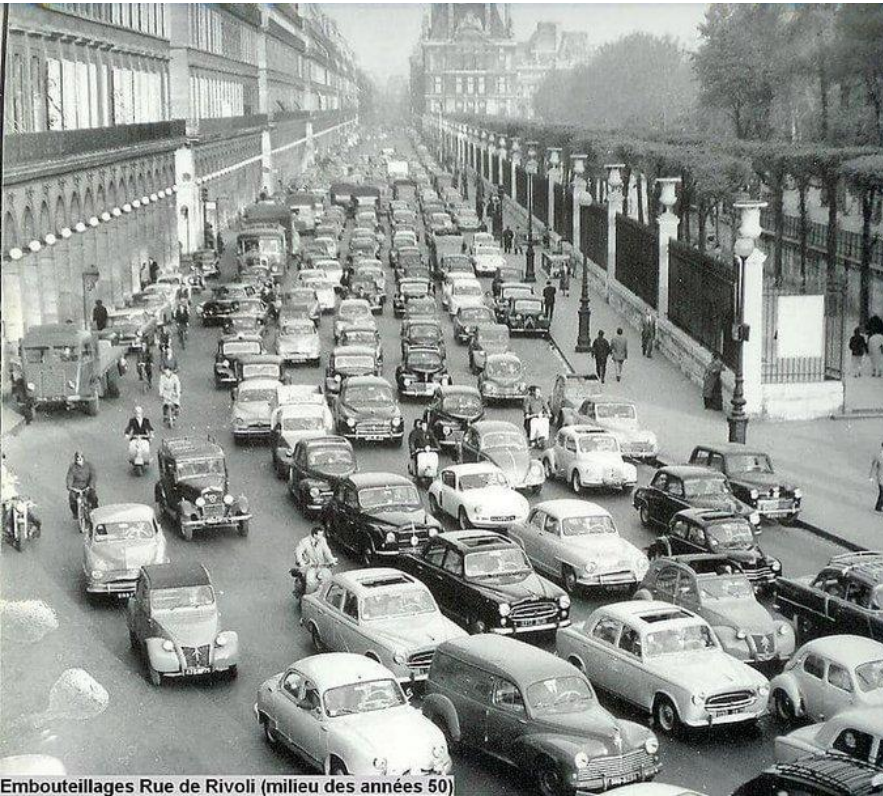




Athens: the
Great Walks,
linking
archeological
sites with the
modern city



Rue de Rivoli, Paris (2.75 km long)



<https://viewpointvancouver.ca/2022/06/21/the-transformation-of-rue-de-rivoli/>



Rare sight: blue skies in Delhi during COVID shut-down
Source: Getty Images

BUT: Levels of toxic NO₂ **air pollution have rebounded in cities around the world one year after** initial Covid-19 lockdowns went into effect ... as long as our energy and transport systems are powered by fossil fuels, air pollution will remain a major public health crisis. During the first half of 2020, cleaner air was a temporary byproduct of lockdowns in many areas, **but now we must implement real, long-term solutions** that enable us to breathe safe air (Greenpeace)

2. Dealing with the social consequences of the pandemic

The most endangered: front-line workers, people in overcrowded housing, homeless



Local social and housing interventions

As a result of the epidemic, social and housing problems became apparent. Larger municipalities have begun to **reshape their own policies**

- **Social assistance system.** Guaranteed minimum income support: Barcelona pilot project since 2017 for 1,000 people. The Spanish government introduced a guaranteed minimum income in May 2020 for those below the state-defined income level. 850 thousand families, 2.3 million people
- **Addressing youth unemployment.** Vienna: Training and internship program for 16,000 unemployed young people
- **Eradication of homelessness.** England: During the pandemic, 5,400 street homeless people were placed in hotels as part of crisis interventions. The government will fund 3,300 homes over the next year where these people can be placed permanently.
- **Increasing affordable housing.** Vienna: Construction of 1,000 municipal dwellings in the coming years

Municipal budget deficits

- **Austria:** on municipal level, the crisis caused **increased expenditure needs of around EUR 2 billion** in 2020, an 5-11% increase compared to 2019. On the other hand, there was an **expected 10% reduction** in federal taxes and a 10-12% reduction in municipal tax revenues. This is a very unfavorable “**scissor effect**”: an **increase in expenditure is accompanied by a decrease in revenue**.
- In most countries, **subnational governments were jointly lobbying central governments for increased financial support**.
- **Austria:** the **government allocated €2,5 billion to local authorities** to help them fight the impact of the coronavirus crisis, and similar support was given in Germany.
- The case of **Hungary** is just the opposite: **funding was taken away from local municipalities**, rather than budgetary support given to them.



**Massive
Global
Recession**

Covid-19

**Housing
Crisis**

YEAH THAT'S IT

3. Long term effects of the crisis

- Social: **existing inequalities grow further**; growing imbalances between front-line workers vs. highly skilled in home offices.
- **Housing** prices are further increasing, affordability declines.
- Emergence of radical ideas, upgrading **services that are responsible for maintaining health care, food production, education and quality of life**
- Progressive and ambitious political agenda (Chicago, Melbourne), concept of the “**Caring City**” that **mobilizes political power and resources** to support those whose rights and interests are not represented by the prevailing system.

Building back better

- **“Back to worse”** would defend neoliberal economic systems and ideologies by prioritising economic growth, reducing market regulations as quickly as possible and imposing strict austerity measures to curtail public debt.
- **“Building back better”** would take the crisis as an opportunity to **transform economies and societies in radically positive directions**. The creation of wellbeing economies would ensure that our post-COVID-19 world is much safer, more stable, healthy and equitable.

Emerging idea: universal basic services

- Guarantee needs-satisfaction for everyone: through **health care coverage for the whole population free of charge; universal free provision or vouchers for basic levels of water, electricity, gas, housing, food, mobility, education.**
- **Emmanuel Macron, on 12 March 2020**, amid the shock of the Covid-19 health crisis, appeared as radical as it was late: ‘What this pandemic is already revealing is that free health care, without condition of income, course or profession, our welfare state, are not costs or burdens, but precious goods, essential assets when fate strikes ... **There are goods and services which must be placed outside the laws of the market.**’

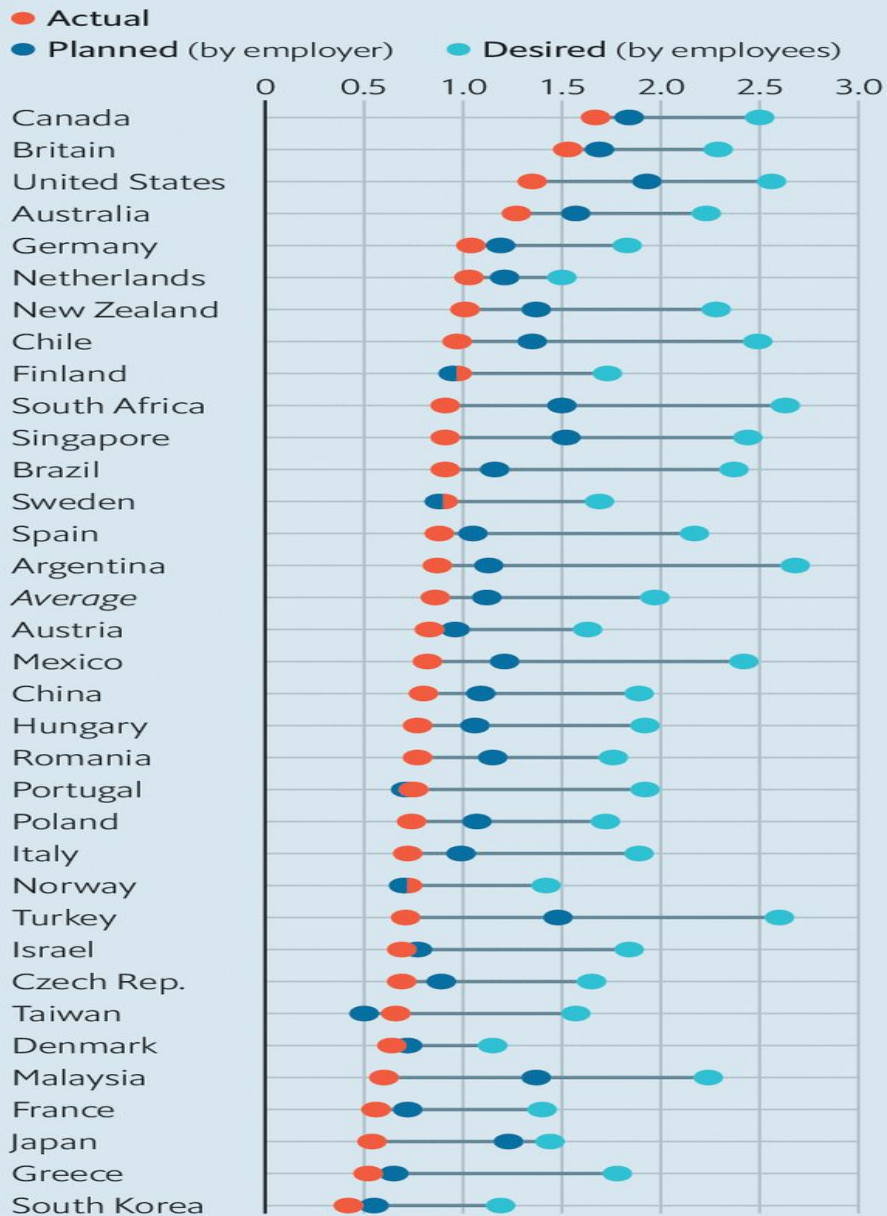
Teleworking as a new reality

- In 2019, **only about 5% of workers** in the EU-27 were in teleworking
- In the proportion of occupations: 65% telework is not possible, **14% is conceivable, 21% is possible**
- At the time of the epidemic, **18% of workers in Romania and 59% in Sweden** were in teleworking, compared to the **EU average of 37%**
- The share of **Americans** who mainly work from home **more than tripled**, rising from 5.7%, or 9 million workers in 2019, to **17.9% or 27.6 million workers by the end of 2021**
- **Higher paid, higher educated people**, full-time working women and urban workers were more likely to telework
- A new gap is emerging between **'teleworkers' and 'essential workers'** (workers in low- and medium-skilled occupations directly related to clients).

Remote prospects

Full-time days working from home

Latest week average, April-June 2023*



Source: WFH Research

*Surveys of over 35,000 workers in 34 countries

Teleworking: potential spatial effects

- the possibility of TW **allows people to move further away from work** (because you do not have to commute daily)
- in settlements with a high proportion of people working in TW, this can contribute to **gentrification** and increase the quality of life
- **broadband internet and services are preconditions** – this means less favorable starting conditions in smaller cities, in lower status areas

IMPACT ON URBAN CENTERS

- centrally located, **large office buildings become problematic** as fewer and cheaper offices are needed
- **the losers of TW** (eg service providers, shops around office buildings) should be involved **in open consultations on TW**

Summary: how did COVID change cities?

- Did cities lose against the suburbs?
- Did cities become less car dependent, more healthy?
- Did cities become more equitable?

Real changes: increase of **housing prices**, social and spatial effects of **teleworking**

Revolutionary ideas of building back better vanished, most local innovations have been rearranged by today as if nothing has happened

To make progressive changes permanent is **difficult for mayors without the support of the majority of residents and of the upper levels of government**

II. An unprecedented EU programme for recovery: high ambitions with meagre outcomes

Presentation commented by **Pietro Reviglio** and **Simone Ombuen** (max 15 minutes total) + 5' additional panel time

This section aims to give a critical analysis of the EU's RRF policy, confronting the EU wide ambitions with the reality of the national policy reactions. Special attention is given to the involvement of cities in the design, debate and implementation of the recovery programmes.

Different pathways will be shown, from entrusting cities with substantial power and financial tools till strong recentralization policies, dismantling large cities from any chances to develop their own urban policies and answers on the crisis.

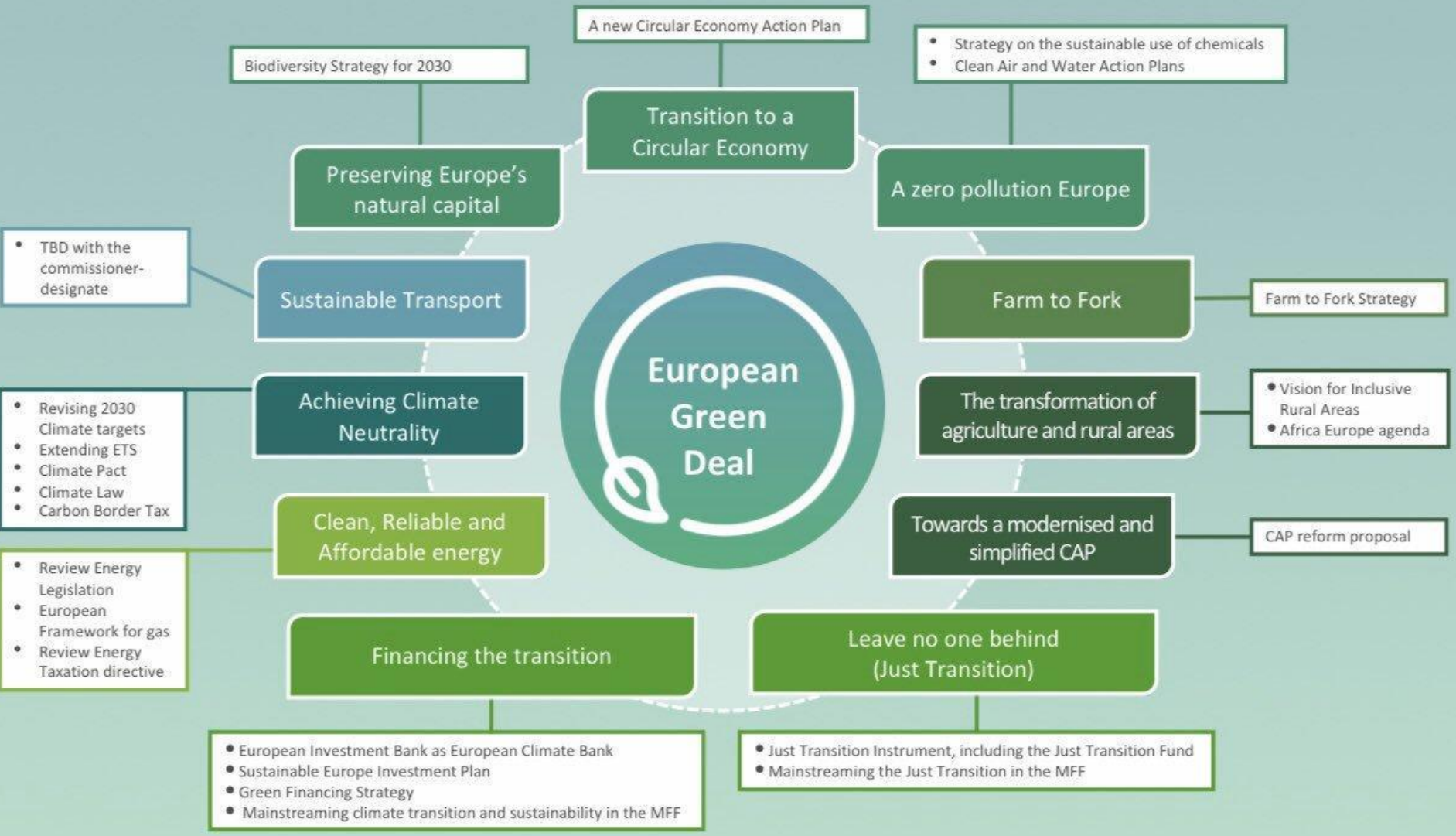


**Post-2020: what
kind of EU it will be?**

Source: https://www.chinadaily.com.cn/opinion/cartoon/2016-07/22/content_26179487.htm
https://www.google.hu/search?q=future+of+eu+cartoons&tbm=isch&source=iu&pf=m&ictx=1&fir=RrztPJ2WOnQN-M%253A%252C1N1YGxBO1dhlUM%252C_&usg=__CAjhlUgpl_HLPWWvUI0M_MkIf8M%3D&sa=X&ved=0ahUKEwizj6aqn_vWAhUFnRoKHdaABesQ9QEIJzAA#imgrc=4XUPLC5wosFj6M:

The European Green Deal

- On 11 **December 2019**, days after taking up her responsibilities, Ursula von der Leyen, announced a roadmap for key strategies and measures constituting a European Green Deal (EGD). This was endorsed by the European Council the following day.
- The commission tightens the EU greenhouse-gas **emission-reduction target for 2030 from 40 to 50-55 per cent**, compared with 1990.
- The goal of **achieving climate neutrality by 2050 is to be given legal force**, which would open up the possibility of legal action against EU institutions or member states in the case of insufficient efforts



Biodiversity Strategy for 2030

A new Circular Economy Action Plan

- Strategy on the sustainable use of chemicals
- Clean Air and Water Action Plans

Preserving Europe's natural capital

Transition to a Circular Economy

A zero pollution Europe

- TBD with the commissioner-designate

Sustainable Transport

Farm to Fork

Farm to Fork Strategy

- Revising 2030 Climate targets
- Extending ETS
- Climate Pact
- Climate Law
- Carbon Border Tax

Achieving Climate Neutrality

The transformation of agriculture and rural areas

- Vision for Inclusive Rural Areas
- Africa Europe agenda

Clean, Reliable and Affordable energy

Towards a modernised and simplified CAP

CAP reform proposal

- Review Energy Legislation
- European Framework for gas
- Review Energy Taxation directive

Financing the transition

Leave no one behind (Just Transition)

- European Investment Bank as European Climate Bank
- Sustainable Europe Investment Plan
- Green Financing Strategy
- Mainstreaming climate transition and sustainability in the MFF

- Just Transition Instrument, including the Just Transition Fund
- Mainstreaming the Just Transition in the MFF

EU reaction on the COVID crisis

- In **July 2020** there was a historic agreement reached in the European Council on a new temporary funding instrument, **Next Generation EU (NGEU)**, which will provide up to **€672.5 bn recovery fund** in the form of a two-year temporary reinforcement of the budget, supporting a fair and just recovery in the EU. This will be **additional** to the seven-year Multiannual Financial Framework (MFF).
- With the NGEU the bulk of the money will be channelled **to member states**, providing the basis **for massive public and private investments**, focusing on creating jobs and repairing the immediate damage caused by the COVID-19 whilst supporting the Union's green and digital priorities.

Overall budget 2021-2027



Resilience and Recovery Facility

- Member States had to prepare **recovery and resilience plans (RRP)** that set out a **coherent package of reforms and public investment projects**, which have to be **implemented by 2026**.
- These plans have to address challenges identified in the **European Semester**, particularly the country-specific recommendations adopted by the Council
- Each plan has to include a minimum of **37% of expenditures related to climate** and a minimum of **20% of expenditures to foster the digital transition**.
- Allocation key of money involves also the observed and projected **loss in real GDP over 2020-2021**.

**Grant attribution under
the Recovery and
Resilience Facility**

- >€60 billion
- €20-40 billion
- €10-20 billion
- €0.1-10 billion



1. The EU Recovery and Resilience Facility: a critical analysis

RRF's governance as a **new model: the major strengths**

- reinforces national ownership and commitment to NRRP objectives; provides more direct linkages between reforms and investments; focuses on policy outputs rather than cost-based project inputs

RRF's governance: **serious weaknesses**

- **mechanical linkage of payments** to the fulfilment of fixed milestones and targets shifts the attention away from the purpose and objectives of reforms and investments; **inflexibility** of the performance-based financing and verification system makes it difficult to response to unforeseen or changing circumstances; plan formulation under time pressure **makes it difficult to involve local and regional authorities** and social actors.

2. The RRF and the (non-)involvement of cities

- Stakeholder involvement in drafting the plans has been generally low, **most national governments consulted stakeholders only formally**. Plans have been drafted in a centralized manner and under heavy time constraints. Exceptions are Portugal and Belgium, and to a lesser extent Italy, Spain and Greece
- **Visegrád-4 countries:** Hungary and Poland shows extreme cases how the central government **neglected larger cities** in all phases of the NRRP process. Czechia is a proof of the **political determination of the process**, as the change of the government brought new approach.
- **Re-centralization of power against the oppositional large cities** as a leading policy in illiberal countries. Threat of the same in other countries with right wing governments.
- What **neglected cities** can do: the case of Budapest

Lobbying of large EU cities

„...we urge the European institutions to recognize municipalities as key allies in our joint fight for a resilient future.

First, we urge **the EU to mandate member state governments to better engage cities when shaping country-level recovery plans.**

Second, we find it crucial that **the EU opens up parts of the Recovery and Resilience Fund directly to local governments...** we specifically urge the European institutions to adopt the proposed amendment in the European Parliament **to earmark at least 10% of the RRF to the local level.**”

However, a system based on **direct contact** with the European Commission seems **not to be realistic** as this would reduce national envelopes and would require to expand the staff of the COM („EU bureaucracy”)

3. How could it be done differently: comparison between the RRF and the similar US program

- The **American Rescue Plan Act of 2021**, also called the COVID-19 Stimulus Package is a US\$1.9 trillion economic stimulus bill. The Act allocated \$350 billion in assistance to state and local governments
- The State and Local Fiscal Recovery Fund money can **be used flexibly by cities**, depending on the unique local priorities they identify. The US Treasury consulted local governments and experts before publishing final guidance in early 2022.
- For most cities the recovery fund makes up **20-50% of their budget**. This allows local officials to “invest” in their communities rather than simply “spend” their significant allotments.
- Nobody has seen this much money come in at one time... the money is primarily going **"to address many of the long-standing challenges and disparities that exposed communities to disproportionate impacts of the pandemic...** Detroit plans to spend \$250 million on city services and infrastructure, \$105 million on jobs, \$95 million on blight remediation, \$45 million on the digital divide, etc.

Summary

The RRF method **can work well**, if all main conditions are perfect:

- the **CSR-s are well determined** (covering the essence of national resilience challenges),
- the national governments have **high ambitions**,
- the reforms and investments are determined **in partnership with stakeholders**,
- the **fixed milestones and targets are set up well** and reflect the underlying purpose and objectives of reforms and investments,
- the **conditions do not change dramatically** through many years.

However, these conditions usually do not prevail. Besides, **many additional problems might emerge**: the national government might change its policies (CZ, IT) or even misguide the EU (HU).

In such cases the cities of the given countries **do not receive the needed support** for the development of their own recovery policies and answers on the crisis. There are **two ways for the EU** to handle this problem:

- to give a portion of the recovery money **directly to the cities** (as in the US)
- to set as a condition a **certain minimum level of decentralization**

III. What can we learn from the COVID episode in regard to the emerging polycrisis of today?

Presentation commented by **Laura Colini and Carlo Cellamare** (max 15 minutes total) + 5' additional panel time

The short and relatively moderate COVID shock illustrates nicely, how innovative public policies flame up, just to evaporate as the time of immediate crisis is over.

To handle the present polycrisis in a lasting way would need much deeper and durable innovations, turning many public policies upside down, replacing the growth motive of urban development with totally different ideas, strengthening sustainability and resilience and reverse inequalities.

This closing part of my talk aims for a collective brainstorming, how such radical changes might be achieved, to prevent more and more frequent and intensifying shocks? How should the EU approach change, enabling the catalysing role of subnational governments and to what extent can cities become the agents of change?



Chad Lee

@wchadly



Me: Whew, 2021 will be great finally getting past this covid thing

Universe: hold my beer



3:47 PM · Jan 4, 2021



boredpanda.com

1. The short and medium term outlook

- World Economic Forum: The **Global Risks Report 2024** presents the findings of the Global Risks Perception Survey (GRPS), which captures insights from nearly 1,500 global experts.
- In the ten year perspective the risk assessment is very bleak, with nearly **two third of respondents seeing real risk of major collapse in global systems by 2034.**

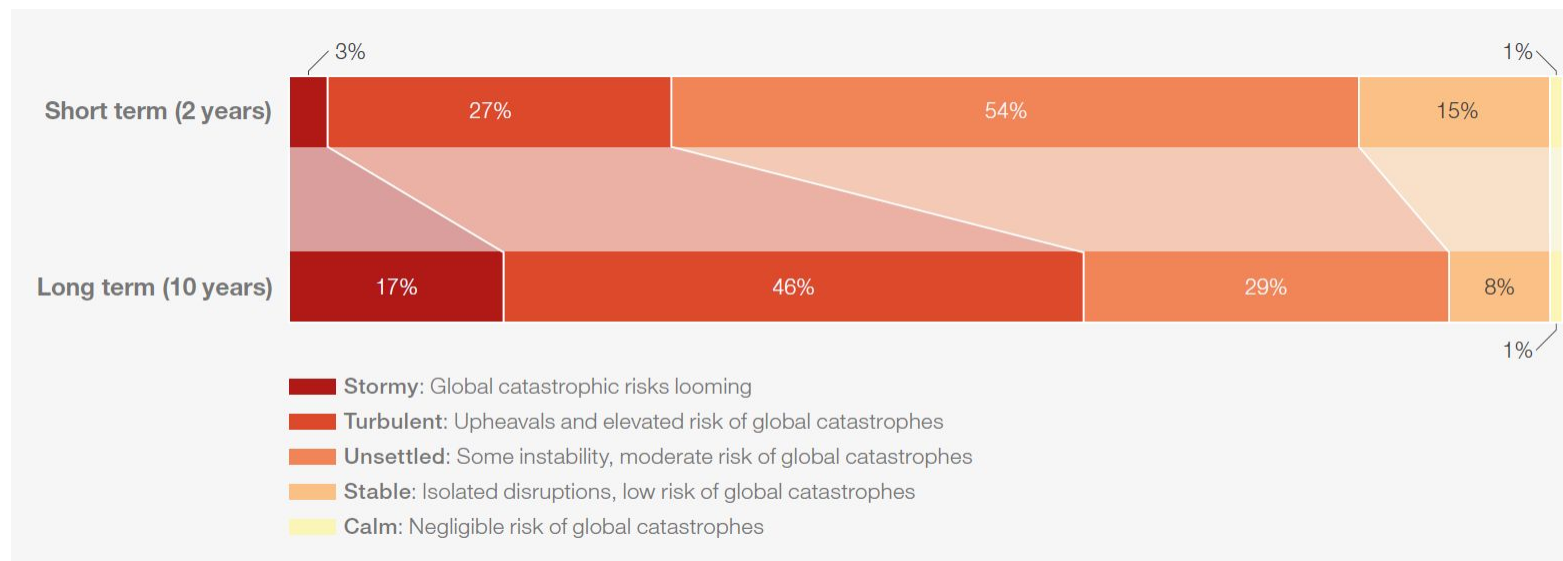


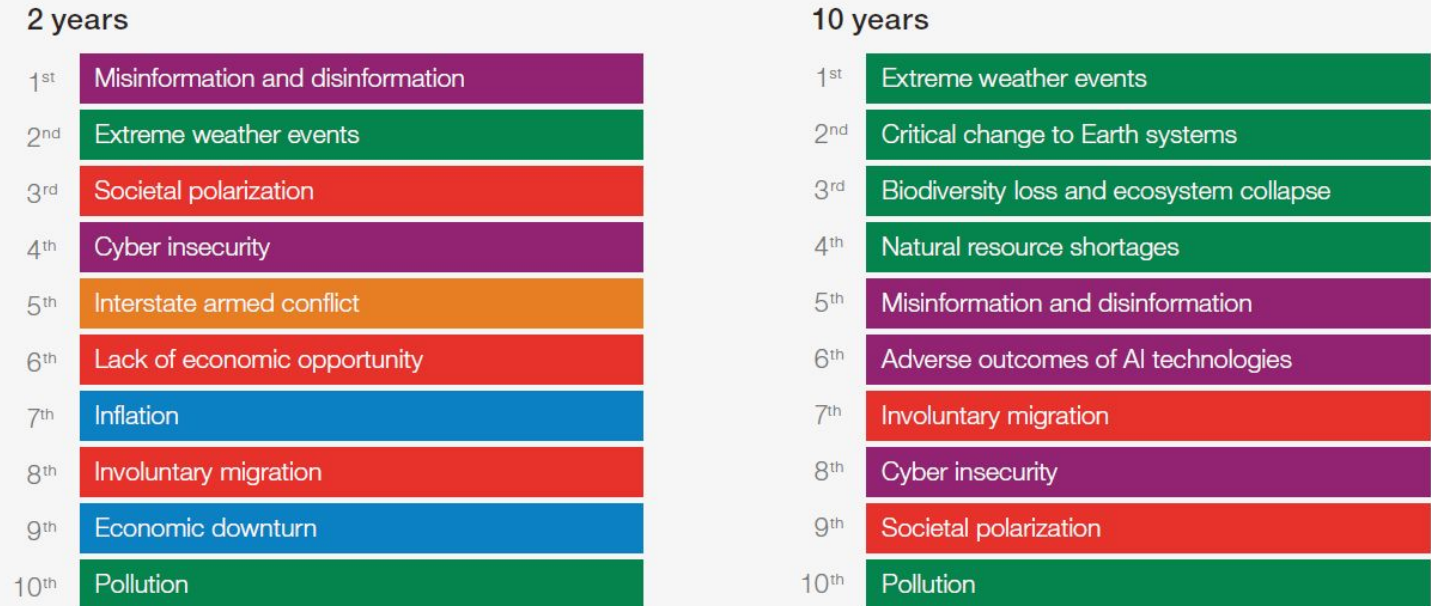
FIGURE C

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period."

Risk categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological



Source

World Economic Forum Global Risks Perception Survey 2023-2024.

2. What to do: green growth vs degrowth

**Professor Samuel Fankhauser (GG)
vs. Professor Jason Hickel (DG)**

moderated by Kate Raworth

**Debate at the Oxford University
September 2022**

<https://www.youtube.com/watch?v=YxJrBR0lg6s>

Green Growth

We can solve the problems of climate change **without degrowth**. Technological, behavioural, etc pathways to reduce carbon are possible without reducing prosperity, through focusing **not to reduce GDP but carbon that goes into energy** (EV-s, etc), and **the energy needed for GDP can also be reduced**, thus GDP reduction is not needed, but new jobs can be created

Little more growth (more income) is good, helps to solve climate change – this is needed for renewable energy, turning cars etc into green. For this **more investments, government interventions are needed which can not be done if the whole pie is shrinking**. It is an observation that in economically difficult times people's interest in environment is decreasing – **some growth is needed to make it easier to solve climate problems**.

Degrowth

DG aims for a **planned and democratic reduction of less necessary production in rich countries in a safe and just way**. This means less requirements for lower income countries, which still have to increase production to achieve core human development aims. This definition does not include GDP.

Abandon growth as an objective and focus instead on equity, sufficiency and human wellbeing. **It is not aggregate production what matters but what we are producing, assuring that people have access to goods they require** and that incomes are more equally distributed.

DG suggestions: **decommodify public services to make them accessible to everyone: health, housing education, food, ...** Job guarantee, living wages, improve bargaining power of labour. **Socially necessary sectors have to be improved and not necessary ones to be removed.** Right to repair, extend products life.

What is the political feasibility of DG and GG?

The politics of DG is disastrous for the climate change: **the story of net zero is a story of hardship and misery**, taking away your car, your vacation... which people will not accept – **it can be done much easier in a prosperity narrative, such as GG.**

It is **hard to achieve societal consensus on DG**, thus it would be a **too slow response** to the carbon challenge. By the time you have the societal consensus, it is too late.

Key statements of GG, e.g. very high carbon tax, are **blocked by people who would loose out** due to less capital accumulation... it is not at all true that richer people care more about climate change.

DG is calling for policies which are critical. Similar to the decolonialization movement, civil right movements in the USA, women suffrage movements, **DG movement can change the world permanently.**

Can DG be achieved within global capitalism?

Can DG be achieved with **sovereign capital countries**? If taxes increase, rich people leave to tax heavens, investors will leave countries with leftist policies...

New thinking is needed, the World Bank and the IMF are very much concentrating on GDP growth.

International collaboration is needed, such as the **fossil fuel non proliferation treaty**. Rich countries have to lead on that. Capital flight can be controlled by **capital control**. Countries can **issue currency** which allows them to mobilise production capacity towards democratically decided goals, limiting the influence of capital over the national economy.

Final reflections

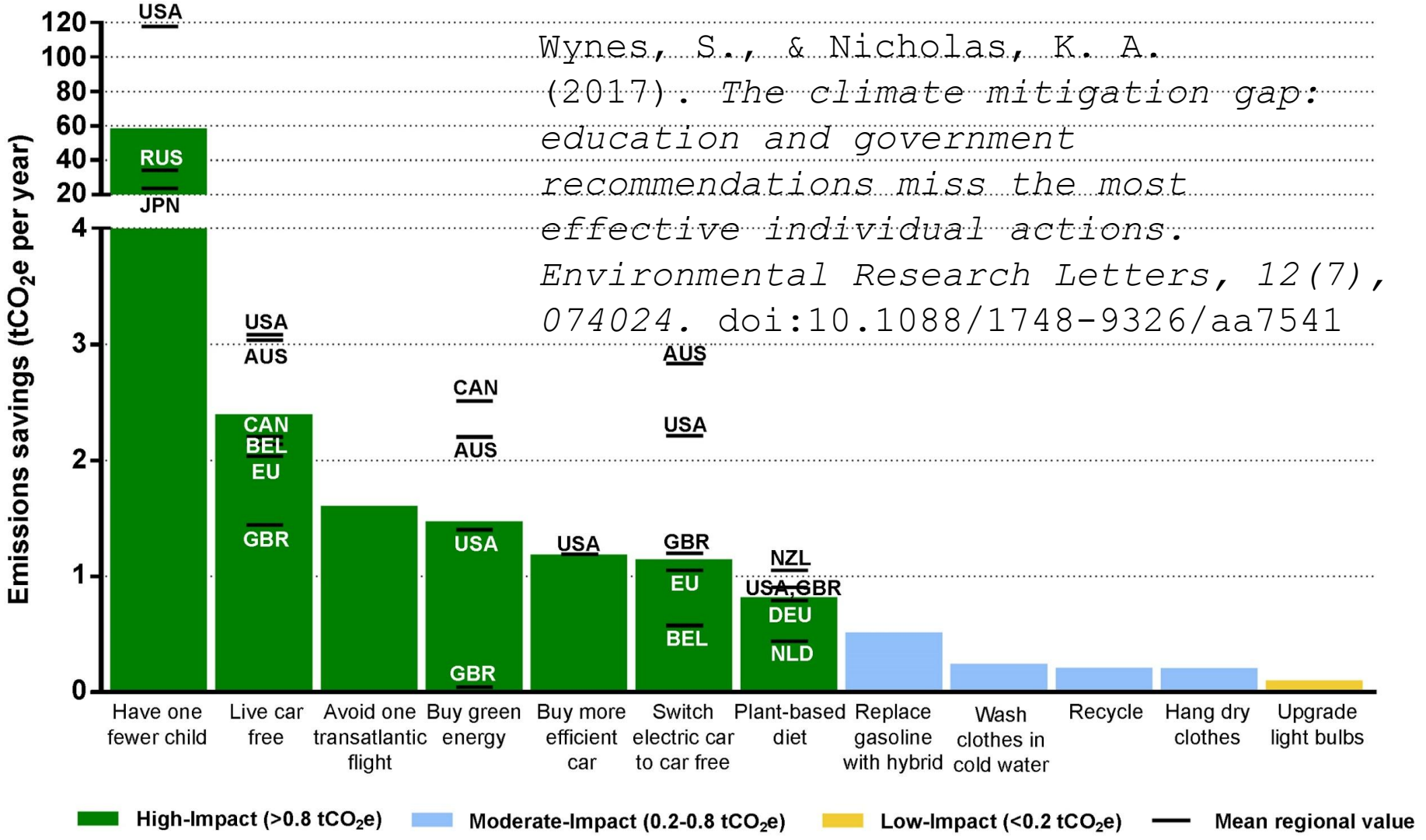
- **The two speakers agreed on the objectives: prosperity, fairness.** Disagreement is in how we can get there. It is clear that more income allows people to live better, and technology assures less emissions. GG narrative is an easier way to do it – if the promise of reduction in emissions by GG is not achieved, **politicians will be voted out.** However, **politicians promising DG will not be voted in at all...** With GG it is easier to sell the solution to the people.
- GG promises seem **not to be feasible**, especially **not in a just way.** DG statements are more honest. It is a **hard concept, not easy to achieve**, political movements are needed to achieve it. We have to change our way of thinking.

3. Risk mitigation possibilities for managing global risks at all levels

- **individual and collective action** – e.g. diet, transport choices
- **local strategies** – risk of weather disasters are best addressed at local level. Intensely local actions can (potentially) solve a lot of the problems
- **international collaboration** - e.g. vaccine development during Covid, IPCC examples, COP29, first time “transition away from fossil fuel use”.

Many approaches, **no one silver bullet.**

All levels must take actions!



4. The present reality: world-wide and even EU-wide cooperation is very slow and questionable

Any state interventions towards mitigation are **confronted with huge resistance from the side of the affected groups** (Dutch and German farmers; yellow vest movement in France)

International organizations also have difficulties to achieve real changes in climate policy issues. **Taxonomy for sustainable activities**: Germany insisted to **natural gas** while France to **nuclear power**; the Global South is **blocking that renewable technologies** should be supported instead of more polluting, outdated technologies.

If public efforts are insufficient, **radical ideas emerge**. Eco-terrorism (in a mild version the tyre extinguishers) is taking off. However, **radical actions scare the majority of society**, rarely achieving the aimed behaviour change.

713001

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to come



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Bow

Hammersmith

Goldhawk Road

Wood Lane

Shepherd's Bush Market

District 150m
Piccadilly 150m

Central White City 150m

Potential new approaches

- **Bottom-up, democratically developed resilience:** a less material and energy intensive direction, in which people accept that **the quality of life does not depend on material assets**. Education and conscious mobilization of people, and long-term trust building.
- **Modern Monetary Theory**, arguing that countries that issue their own currencies can never “run out of money” the way people or businesses can, thus **debt due to government spending, if properly targeted, need not be problematic**. Thus **big government investments are needed into sustainable sectors of economy**, eg low emission cars, building retrofitting, education. If the less polluting products become affordable for the poorer segments, both environmental and inequality issues are tackled.
- **Neither of these ideas is easy to implement**. COVID, as a shock-type crisis, helped a lot to distribute both ideas, but this was a relatively short crisis. Seemingly **larger crises and longer periods of catharsis are needed to achieve fundamental changes**. Cities might play a role to support these ideas.

Summary

- **Intensifying crises**, growing climate change challenges, more frequent and more dangerous shocks are probable, already in the near future
- International awareness is growing, but quick, **world-wide efficient agreements seem to be unrealistic**
- Potential way out: **innovative degrowth and sustainability oriented public policies**
- Catalizators should be the **new, bottom-up sustainable communities, supported by cities** with appropriate and innovative policies
- The **EU should pay more attention to these local actors**, besides dealing with MS-s on the basis of CSR-s
- **Cities should fight for their better position as supporter of the new ideas and actors.**

THANK YOU FOR YOUR ATTENTION!

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