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The invisible master – how neoliberal economics shapes the EU sustainability policy

1. Introduction

In the EU, attempts to integrate policy dimensions for a balanced approach with equal importance given to economic, social and environmental concerns are deep rooted and come in waves: in the early 1990s this was implicitly suggested by Jaques Delors as he was convinced that explicitly stating it was beyond what heads of state and government would understand.¹ Ten years later the issue was called upon again by Romano Prodi and another decade later an urgent demand by civil society and some member states in the UNCSD, UNFCCC and SDG processes.² How can that be, given that the EU implements a sustainable development strategy, practices Integrated Assessment (for economic, social and environmental impacts) of all major legislation and emphasises policy integration in its basic strategic document, Europe2020 (and has done so ever since the 2000 Lisbon Strategy)? To understand this, it is helpful to look back how the current decision making and prioritising mechanisms evolved.

Delors' sustainability initiative fell victim to the neoliberal offensive spearheaded by other European social democrats like Tony Blair and Gerhard Schröder focussing on employability instead on employment (an element of privatising social risks), and a more technocratic than political take on environmental problem solving – an approach with lasting influence since it was enshrined in the Amsterdam Treaty and thus still influences EU policy making.

Half a decade later in 2002, the EU had just adopted its sustainable development strategy, an integrated mechanism was set in place, combining economic, social and environmental objectives in a „Synthesis Report“ adopted by the European Council in its regular spring meeting and including rather detailed policy recommendations for each member state. Today the mechanism has undergone various modifications, but the annual Council „semester“ still formulates policy recommendations for all member states addressing economic, social/employment and sometimes environmental policies such as climate and resource efficiency/circular economy. However, as part of the “open method of coordination” introduced in 2000, unlike other decisions they are not legally binding.

The Synthesis Report was assembled in a well-defined order of steps, each based on existing European legislation. First the “Broad Economic Policy Guidelines” BEPGs were formulated, reflecting the existing neoliberal economic policy priorities. They were to be monitored by a set of “Structural Indicators” applied to all member states.³ Then the “employment guidelines” were applied, on top of the existing economic base. In a final step environmental objectives were integrated.

15 years later the attitude to implementing the SDGs reflects the same attitude, and the same discrepancy between ambitious targets and reluctant policies.

¹ The Delors' Conferences and the White Book were intended to serve this end. Jacques Delors 1991, pers.comm.

² Spangenberg, J.H. 2012. Europe's cultural heritage in relation to sustainable development. V. Bitzer, R. Cörvers, P. Glasbergen, I. Niestroy (Eds.), European Union, Governance and Sustainability. Textbook, Maastricht Open Universiteit: 11-20.

³ Spangenberg, J.H. 2006. Structural Indicators: Towards systemic structures as the basis for future EU policies. Eurostat (Ed.), Eurostat News, 2005 Edition, Expert Meeting Statistics – “Structural Indicators”. Luxembourg, Office for the Official Publications of the European Communities: 143-163.

2. The Broad Economic Policy Guidelines BEPGs⁴

The BEPGs were drawn up in conformity with Article 99(2) of the Treaty establishing the European Community. The EU economic policy strategy claimed and still claims to be oriented towards the pursuit of growth and stability-oriented macro-economic policies, able to respond to changing economic circumstances in the short run as well as to improve long-term capacity for sustainable, job-creating and non-inflationary growth⁵. At the Barcelona European Council 2002, it was decided to broaden the guidelines' perspective to take into account the development of the sustainable development strategy.

In this respect, the ECOFIN Council stated that the BEPGs, *“being at the centre of economic policy coordination, are well placed to develop a comprehensive, transparent and credible Community framework for improving the integration of environmental and sustainable development issues with economic policy.”*⁶

This approach immunized the BEPGs against the challenges from social, employment and environmental objectives, resulting in two deficits and making them a questionable basis for policy integration. One concerns the BEPGs as such, the other refers to the balance in and the quality of the integration process. In both cases deficits on substance are frequently accompanied by policy statements going far beyond the measures suggested towards real policy integration. While this indicated a rather ambitious long term policy perspective it often appeared as mere window dressing as decisive measures were never taken – the “social column of EU policies” was a top agenda item again in 2017, coinciding with the first SDG based EU sustainability report issued by EuroStat. In both cases the promises had not changed much over the last 15 years, and – unfortunately – so did the measures discussed, despite their proven lack of effectiveness as compared to the goals they are designed to achieve. EU decision makers, having realised that, appear to be in a permanent status of cognitive dissonance between what they know is necessary and what they dare to do.

For instance, regarding the that time rather poor employment trends, the main challenge for economic policy, as to the Commission's paper, were to improve the well-being of its current and future citizens, with policies geared at achieving economic growth (“promoting more and better jobs, raising labour force participation and addressing persistent unemployment; strengthening conditions for high productivity growth). Regarding sustainable development, the 2002 BEPGs agreed that *“taking account of the needs of current and future generations, including environmental sustainability and social and regional cohesion, will ensure that policy measures that aim to boost prosperity will contribute fully to increasing the well-being of its citizens.”*⁷ On a political and strategic level, taking environmental and social constraints into account was declared to be as a way to optimise economic policies. Examples are claims that:

⁴ Based on Spangenberg, J.H. 2003. Integrating economic, social and environmental policies: who calls the tune? SERI Background Paper No. 3, ISSN 1729-3545, Sustainable Europe Research Institute, Vienna.

⁵ ECOFIN/210/02-EN; Commission recommendation for the 2002 Broad Guidelines of the Economic Policies of the Member States and the Community; page 4

⁶ *ibid*, page 1

⁷ *ibid.*; page 9, *emphasis added*

- through the internalising of environmental externalities, economic policies can make major contributions to enhancing environmental sustainability. However, green taxes and subsidy removal were never realised on the EU level.
- economic policies such as labour market participation and its financial consequences can positively contribute to the social dimension of the problems posed by ageing societies: the positive interaction of economic and social policies needs to be ensured with regard to supporting a long-term sustainable working life while at the same time making optimal use of the human resource potential. Instead the social dimension of the union was neglected for the next 15 years, youth unemployment in many member states reaches 20%, 30% and regionally even significant higher levels, and the retirement age was increased, forcing elderly people to work longer at the expense of young unemployed, thus saving pension cost.
- economic policies can contribute to social and economic cohesion in various ways. Compare that to the devastating social and regional cohesion effects of the EU austerity policy enforced on member states in crisis only five years later, without any element of environmental sustainability, and the cognitive dissonance is obvious.

3. Integration

“[T]he real challenge facing the Community is to find a way of developing action which meets all of its objectives in an integrated way. This is the challenge of sustainable development, a concept too often perceived as purely environmental, but which brings together concerns for social and economic development alongside protection of the environment. [...] A healthy environment is central to the quality of life. Our economies must combine prosperity with protection of the environment.”

Cardiff European Council, 15 and 16 June 1998; Presidency Conclusions

Into the questionable but unquestioned framework of the BEPGs the employment strategy (the Luxembourg Process) has been integrated, under the premise that it must not distort the predefined economic policy objectives, strategies and instruments.

Finally, with the Procrustean bed of economic and social policy recommendations already fixed, policy recommendations for environmental sustainability have been added as decided by the Stockholm and the Gothenburg European Councils and specified in the Cardiff Environmental Integration Process 1988. It started promising with the Council statement that “Most of our environmental problems have their origins in current practices in sectors such as agriculture, transport, energy and industry and we must look to these areas for their solution. Attention must also be given to our unsustainable consumption patterns. This is the vision behind article 6 in the Treaty – environmental integration as a positive instrument for progress.” Unfortunately the level of political ambition fell once more short of addressing the problems recognised when the decision continued “New technologies and management practices can provide the answer to some of these problems. Our policies must encourage their development and application.”⁸ Verbally the integration was perfect when the 2002 BEPGs reaffirmed that an “*active environmental policy [is needed to] ensure a responsible use of scarce natural resources and development which is*

⁸ Cardiff European Council, 15 and 16 June 1998; Presidency Conclusions, page 3

*economically, environmentally and socially sustainable in the long run.*⁹

However, as the ECOFIN Council pointed out in a report to the Barcelona European Council, in 2002 market-based instruments were still a supplement to regulatory instruments (command-and-control measures) and not replacing them in particular in environmental policies¹⁰ - a point deemed disastrous by the ECOFIN. Consequently, the EU social and employment policies emphasised economic instruments and market “liberalisation” rather than setting legal standards or defining mandatory norms – with backfiring effects on EU’s policy agenda setting capabilities until today as the Union had legal competences in environmental, but not in fiscal policy¹¹. Decisions in this field were – if at all – taken by agreement of member states in the open coordination method introduced at the Lisbon Council in 2000, with no legal enforcement mechanism.

The narrow economic focus has two more disadvantages:

- it confuses the economic optimum of minimal cost, achievable according to current economic parlance by internalising external costs (which is in fact impossible to realise as they cannot be measured with sufficient precision, Baumol, Oates 1971) with an optimum of maximal social and environmental quality, and
- it blinds the eye for the need of defining policy objectives for the interlinkages (economic, social, environmental and institutional objectives already exist) by implying that integration is already given through the economic calculus applied to all aspects of development.

So while integration was put high on the policy agenda, the rather obvious need to reconsider all sectoral objectives while pursuing policy integration was not recognised.

4. The EU Sustainable Development Strategy

At the Gothenburg European Council, June 2001, the Heads of State and Government decided on a European Sustainable Development Strategy, based on the Commission’s Communication “A sustainable Europe for a better world: a European Union Strategy for Sustainable Development”¹² and endorsing it, calling for a comprehensive implementation of sustainability principles in all Union policies. The Commission Communication claims “Sustainable development should become the central objective of all sectors and policies. This means that policy makers must identify likely spill-overs – good and bad – onto other policy areas and take them into account.”¹³ This paper was regarded a decisive step towards sustainable development at the political level. Six issues were identified assumed to pose the biggest challenges to sustainable development in Europe¹⁴:

1. combating poverty and social exclusion,
2. dealing with the economic and social implications of an ageing society,
3. limit climate change and increase the use of clean energy,
4. improve the transport system and land-use management,

⁹ ECOFIN/210/02-EN; Commission recommendation for the 2002 Broad Guidelines of the Economic Policies of the Member States and the Community; page 22

¹⁰ ECOFIN/EPC/138/02-EN final; Report by the (Ecofin) Council to the European Council in Barcelona on a strategy to integrate environment and sustainable development within economic policies

¹¹ Spangenberg, J.H. 2012. The EU’s political history: sustainable development as a latecomer. V. Bitzer, R. Cörvers, P. Glasbergen, I. Niestroy (Eds.), European Union, Governance and Sustainability. Textbook, Maastricht Open Universiteit: 65-96.

¹² COM(2001)264 final

¹³ *ibid*, page 6

¹⁴ *ibid*, page 10ff.

5. address threats to public health,
6. manage natural resources more responsibly.

Remarkably, not the means like economic instruments or economic growth, but the real-world problems were at its centre, and progress was to be monitored by a set of EU sustainable development indicators. The external dimension of sustainable development (e.g. global resource use, international development concerns) was to be factored into EU internal policy making and through integration of SD considerations in EU's external policies.¹⁵ However, the optimism faded soon after the bright performance of the strategy at the 2002 World Summit on Sustainable Development in Johannesburg, as the underlying policies remained grossly unchanged.

Against some resistance in the Commission and amongst member states, the EU SDS was renewed in 2006, adopted by Heads of State and Governments at the European Council of 15-16 June 2006.¹⁶ The renewed EU SDS was intended to set out a single, coherent strategy on how the EU would more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It recognised the need to gradually change unsustainable consumption and production patterns and move towards a better integrated approach to policy-making, reaffirmed the need for global solidarity and recognised the importance of strengthening work with partners outside the EU, including those rapidly developing countries which have a significant impact on global sustainable development. However, with the Great Recession starting 2009, all positive efforts were side-lined, and crisis management along old-fashioned lines of thinking, imposing austerity despite its socially disruptive effects and a neglect of environmental restructuring needs dominated. The EUSDS was still in place but it became obvious that it was of a more ornamental than substantial character.

5. Time warp – 10 years on

In 2010, when the EU adopted the Europe 2020 Strategy¹⁷, things were back to the traditional order – the strategy is described by the Commission as “laying the foundations for a more sustainable future built on smart, sustainable and inclusive growth.”¹⁸ The EUSDS did not undergo another round of revision but was abolished (unusual in a bureaucratic apparatus) with reference to the Sustainable Development Goals (SDGs) globally agreed as part of the UN Agenda 2030¹⁹ which are now supposed to be a policy guidance to be implemented by the EU. On the one hand, this appears to be a plausible continuation of a sustainability strategy which already had the ambition to integrate dimensions and address the global impacts of European policies, as was the case for the EUSDS. On the other hand it is a bold step as in particular for the social goals (less so for the environment), the SDGs set ambitious targets which are not in line with past EU policies, a fact that would become obvious with the UN-backed SDG monitoring system. Some examples should suffice to illustrate the political challenges in particular from the social dimension:

Social targets

¹⁵ Commission Communication "Towards a global partnership for Sustainable Development" COM(2002) 82 fin

¹⁶ Review of the EU Sustainable Development Strategy (2006): European Council DOC 10917/06

¹⁷ Commission Communication "EUROPE 2020. A strategy for smart, sustainable and inclusive growth" COM(2010) 2020 fin

¹⁸ http://ec.europa.eu/environment/sustainable-development/strategy/review/index_en.htm

¹⁹ United Nations General Assembly (2015). Transforming our world: the 2030 Agenda for Sustainable Development. Resolution 70/1 adopted by the General Assembly on 25 September 2015, 17th session, agenda items 15 and 116. Document A/RES/70/1.

- Reduce 50% of all kinds of poverty (SDG 1.1), income growth for the lowest 40% to be above the national average (SDG 10.1).
Comment: This is a request to reverse the dominant trend of the last 30 years, and to change the primary income distribution (i.e. before transfers) in all countries to the benefit of the poorer sections of society, the latter in line with the WCED definition of sustainable development.²⁰ It implies that the richer sector is entitled only to a smaller than average share of national wealth increase. While conforming to Agenda 21²¹, the phrasing is more radical. However, it falls short of what is promised in § 3 of the Declaration: “We resolve, between now and 2030, to end poverty and hunger everywhere”.
- “Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices” (SDG 10.3).
Comment: Equal opportunities have long been a liberal mantra, one of its purposes being to delegitimise equity dialogues focussed on outcomes rather than opportunities. The phrasing is a remarkable return of earlier calls for equitable outcomes, as for instance in the 1992 Agenda 21.
- Establish social protection systems (Declaration § 24), incl. provisioning a “social protection floor” (minimum standard social security for everybody, sufficient for active participation in society, SDG 1.3).
Comment: This request originates directly from UNCSO where the ILO/UNESCO proposal for such a “social protection floor” was endorsed.²² This is a request to adjust the secondary income distribution (i.e. after transfers), with an unconditional minimum income enabling citizens to participate in the respective society established by “social protection floor” document.
- Ascertain equal rights to economic resources, access to services, ownership and control of land and property.
Comment: This demand is even more radical: equal rights to economic resources require redistributing not only income, but wealth. Piketty (2014) has shown that this must be pursued by strong politics to be effective.
- Fiscal, wage and social protection policies to achieve greater equity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices (SDGs 10.3, 10.4); progressively achieve greater equality (SDG 10.4).
Comment: While social protection points at transfers and secondary income distribution, wage policy emphasises primary (pre-transfer) income distribution, which would require a radical overhaul, even a U-turn in income development patterns of the last decades, pushed by politics. Fiscal policy for equity requires progressive taxation instead of flat rates as they have been introduced in a number of Eastern EU Member States. Ireland is also a case to be checked. In particular higher taxation of top incomes would be required to promote greater equity, since the most significant inequities have arisen between the top 0.1% of income earners and all other brackets. Top level taxes like in the pre-Reagan era (more than 90% for the part of the income surpassing a certain level) would be a means to this end, but seem politically impossible for the time being.
- Free primary and secondary education (SDG 4.1) of high quality.
Comment: School fees are not acceptable under this demand – a hint towards a strong public education system and against privatising schooling (as private schools can hardly be for free). This runs against the current negotiation on the liberalisation (i.e. deregulation) of services in the TiSa trade agreement; it can be read as a stop sign to attempts to privatise primary and secondary education under the free trade in services conventions, but reaffirms demands from the WCED

²⁰ WCED World Commission on Environment and Development (1987). Our Common Future (The Brundtland Report). Oxford, Oxford University Press.

²¹ United Nations 1993. Earth Summit: Agenda 21, the United Nations programme of action from Rio. New York, United Nations.

²² United Nations General Assembly (2012). 66th Session, Agenda Item 19, Document A/66/L.56, July 24th, 2012 “The Future We Want”. United Nations. New York.

and in Agenda 21.

Work targets

- Promote full productive employment (SDG 8.1) with decent work (SDG 8.5) and equal pay (SDG 8.5) and labour rights, in safe and secure working environments (SDG 8.8).

Comment: Not only full employment counts, but the quality of work as well. Decent work is a long-standing trade union demand and includes not only health and safety, but also self-determination, respect and equal pay and opportunities. Realised nowhere in the EU so far, but Scandinavian countries are those closest to the target. The target is more explicit than earlier documents.

- Recognise and value unpaid work through the provision of infrastructure, public services and social protection (5.4).

Comment: European examples include maternity and parental leave regulations, the recognition of draft military service and education times in public pension schemes, etc. Much more could be done, like health and accident insurance for all voluntary activities for the common good, supportive public services or infrastructure, for instance repair centres/repair cafes, etc. The tendency of the last decades was declining recognition.

Environmental targets

- Universal access to affordable, reliable and modern energy services, increase renewable energy. Enhance efficiency, promote cleaner fossil fuel technologies (SDG 7.1).

Comment: A challenge as the current renewable energy generation is below 11% in more of 50% of all OECD countries. Open which cleaner technologies are meant – CCS (carbon capture and storage) is often labelled that way, but no option for the future as it is too energy consuming (+1/3), too expensive, too risky and comes too late (large scale expected for 2050).

- Safe, affordable, accessible and sustainable transport systems, promote public transport (SDG 11.2).

Comment: Reiterates earlier demands, e.g. in Agenda 21, with a social component ('affordable'). Unfortunately, non-motorised transport is not mentioned again although decisive for the majority of humankind and for habitable cities.

- By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands (SDG 15.1), prevent species extinction, integrate ecosystem and biodiversity values into national and local planning (SDG 15.9) and maintain agricultural ecosystems and biodiversity (SDGs 2.4, 2.5). By 2030, halt biodiversity loss (SDG 15.5). Halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally (SDG 15.2).

Comment: no reference is made to the UN Biodiversity Convention UNCBD adopted in Rio 1992 and its 2020 targets (many go beyond the SDGs), and although a more ambitious targets is set for 2030 it falls back behind the EU biodiversity strategy which emphasises the restoration of ecosystems by 2030. Supporting conservation seems to be easier when reference is made to ecosystem services as the EU now tries in the MAES process; the last EU Biodiversity strategy failed and the current one is about to do the same. Global agricultural biodiversity is rapidly shrinking, driven by a development model that promotes high yielding varieties HYV, hybrid and GMO seeds, pushing agriculture towards large scale monocultures. In the EU agro-ecological measures fail as the loss of bees and other insects has demonstrated. Halting deforestation is more ambitious (although no year is given) than the objectives under the, but still this non-binding commitment falls short of a Forestry Convention which failed in 1992 due to resistance mainly from the South. The number of species on Earth, probably somewhere between 1.4 and 7 million species, is not known - monitoring the SDG 15.5 targets will be impossible.

Economic targets

- Encourage growth of micro, small and medium enterprises (SDG 8.3).
Comment: While in line with the skilled work and higher productivity targets, this target may contradict the support for labour intensive sectors as growing enterprises usually increase labour productivity at the expense of employment. Micro firms is a rather new issue, but they may lose their specific advantages when growing. In Germany, the majority of SMEs does not wish to grow but instead sustain their income.²³ Is it the task of politics to encourage hesitant firms to grow? Why? How? Measures to be taken?

- Sustained, inclusive and sustainable GDP growth (SDG 8). Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries (SDG 8.1).

Comment: The goal demands growth with three qualifications, implying that growth that does not meet these criteria cannot be desirable as a contribution to sustainable development. Inclusiveness would require the social targets of more equitable distribution of income and assets e.g. in SDG 10 to be realised. Sustainable, according to the WCED, implies a focus on human needs, in particular of the poorest, i.e. those without purchasing power, and respecting the limits of nature's carrying capacity. Sustained growth is the demand of the UNCSO 2002 (after sustainable development 1992 and sustainable growth 2002) and hardly reconcilable with sustainability criteria, even less so with minimum percentage figures for countries implying exponential growth for an unspecified period of time and no talk of needs and limits – the goal is a contradiction in itself. Since the vast majority of the poor live in middle income countries, income growth objectives addressing poverty should be formulated for groups (as all other targets are), and not for countries. The focus on GDP growth also falls short of respecting the commitment to develop broader measures of progress to complement gross domestic product (Declaration § 48).

“We envisage a world in which every country enjoys sustained,
inclusive and sustainable economic growth”

(Declaration § 9, growth is referred to six times in the Declaration).

- Universal, rule-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the WTO (SDG 2b, 17.10, Declaration § 68).

Comment: It remains unexplained why and how international trade is thought to support inclusiveness and poverty reduction. This is rather a matter of who is harvesting the benefits from trade, and who the disbenefits – a distributional issue. While trade may contribute to economic growth (but does not do so not in all cases), its claimed contribution to sustainable development remains completely unexplained. Universal agreements must be global – in line with the encouragement of the Doha trade round in Agenda 2030, but in contradiction to regional trade agreements such as TPP, TTIP, CETA, TiSa. By definition they are not open, discriminate outsiders and in practice are not equitable, and they are not under the WTO. However, if agreements under the WTO are desirable, and if they could match the (unspecified) criteria mentioned here, remains an open question. Nonetheless, rule-based and predictable would be better than sudden outbursts of unilateral protectionism as experienced in spring 2018.

- No restrictions of trade, continued promotion of “meaningful trade liberalization” (Declaration § 68).

Comment: In the choice between free trade and fair trade, this is a clear endorsement of free trade, a fixation on a specific means instead of focussing on the results to be obtained, as it is

²³ Gebauer, J., Sagebiel, J. (2015). Wie wichtig ist Wachstum für KMU? Ergebnisse einer Befragung von kleinen und mittleren Unternehmen. IÖW Schriftenreihe - Discussion paper 208/15. Berlin, IÖW: 70.

done for the social targets. How continued trade liberalisation shall contribute to respecting limits and serving the poor is not recognisable. In terms of trade demands, Agenda 2030 goes beyond Agenda 21 and the Pol: business lobbyists suggesting this formulation can be satisfied.

In summary, and with reference to the WCED definition of sustainable development, many human needs aspects are covered, and even long-term forgotten ones are revived, but promises are not underpinned by instruments. Regarding limits to be respected, no clear (i.e. quantitative) limits whatsoever are mentioned, except for biodiversity/species loss (which are unrealistic as not measurable); for everything else increasing efficiency is the best the SDGs offer, improvements are demanded with no upper limit to consumption and pollution. Carrying capacity limits are not mentioned, neither planetary boundaries e.g. for nitrate and phosphorus cycles (climate and biodiversity are separate issues).

Using a DPSIR analysis (see figure) as a heuristic tool with the SDG targets taken as responses to unsustainable development, it has been shown²⁴ that

- Targets addressing the *State* are plentiful (e.g. the state of poverty, the quality of water),
- Targets addressing *Impacts* are multiple (state changes like climate change),
- Targets for *Pressures* are missing (for instance, accidents are covered, but not the number of cars, water pollution is addressed, but not the kind of agriculture causing it),
- Targets referring to *Driving Forces* are mentioned (sustained growth, unconditioned free markets, free trade and globalisation), but for the Driving Forces not a reversal of the past direction is advocated, but more of the same.

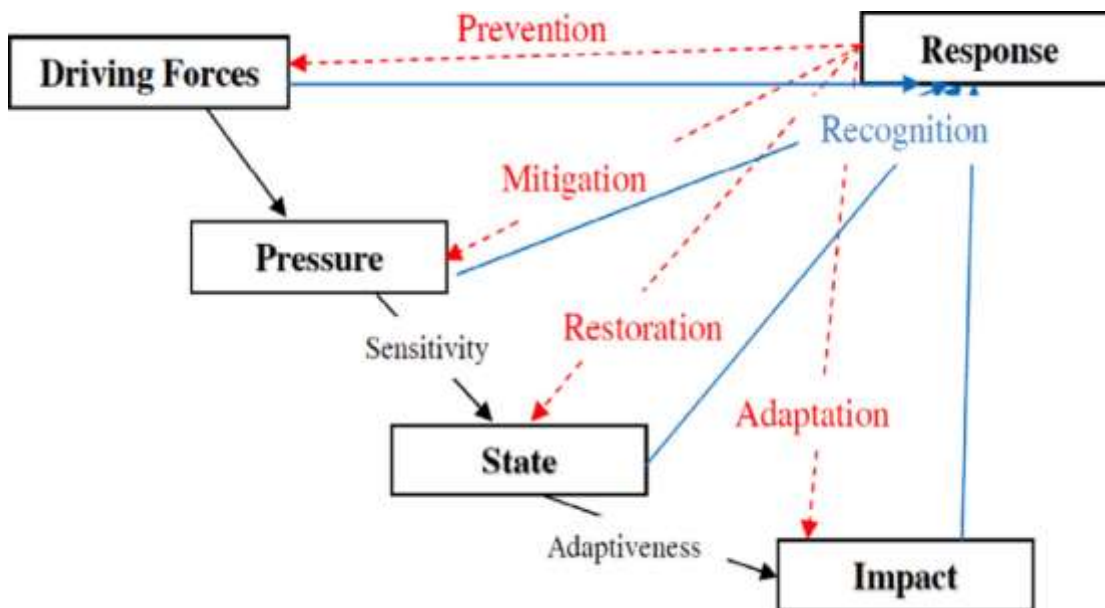


Figure: the DPSIR system and how to address the different stages by targets and responses

As a result, no prevention ongoing damaging effects is foreseen, but rather “more of the same”, mitigation is neglected while restoration receives the most attention, followed by adaptation. This implies that under the SDGs, the existing problems will be reproduced, requiring ever new efforts of restoration to keep the impacts of Drivers and Pressures in check – a Sisyphus game. However, nobody prevents the EU from improving on the UN blueprint by filling gaps, implementing the precautionary principle to address Drivers and Pressures. After a series of ambitious announcements, the moment of truth has come with the publication of the first EU SDG indicator report in late 2017, a masterpiece of positively reporting on failing policies for honourable reasons.

²⁴ Spangenberg, J.H. 2017. Hot air or comprehensive progress? A critical assessment of the SDGs. *Sust Dev* 25 (4), 311-321.

6. Fake news – how to report positively on failing policies for honourable reasons

The EU SDG Indicator Set for monitoring the Sustainable Development Goals (SDGs) in an EU context was developed under the leadership of EuroStat, agreed with Commission Services on April 28th, 2017 and endorsed by the European Statistical System Committee on May 17th to 18th, 2017. It is limited to six indicators per SDG, regardless of the number of targets per SDG, as limiting the number of indicators to not more than 100 was the primary imperative, not a comprehensive monitoring of the SDGs in a European context (at global level, the UN Statistical Commission established a global list of 244 SDG indicators to monitor the 17 SDGs and 169 targets worldwide). It is based on existing indicators developed for monitoring the Europe 2020 strategy, the EUSDS, and the ten Commission priorities. The new indicator set replaces the system of sustainability monitoring indicators associated to the EUSDS (introduced 2005, extended 2007), designed to measure progress towards each EU sustainability goal, including socio-economic development, demographic changes, climate change, natural resources and others.

To start with the positive aspects, it is to be welcome that the EU SDG indicator set is aligned with the UN indicator list as much as possible, so that half the EU indicators are also part of the UN global indicator list. Another positive aspect is that the EU SDG indicator set includes breakdowns in particular by gender, educational level, NUTS 2 region and income –however, according to the indicator list, this is only the case for a selected few: more would be needed.

Unfortunately, the negative aspects dominate: it was a political decision to limit the number of indicators to 100, and thus making it a priori impossible to monitor the 169 targets. Secondly, letting the statistical office select the 100 indicators is an abdication of political responsibility: selecting indicators means focussing public reporting and political prioritising. The even distribution of indicators across the 17 SDGs is legitimised as ensuring a balance between the different policy areas, but de facto claims that all goals are of equal importance in the EU and no prioritising according the specific situation in Europe is required – at least a disputable assumption. The effect is as expected (all transfers of reporting from government to statistical offices have worked out as de-politicising): the indicators paint a success story where bemoaning failures would have been more adequate. The reasons lie in the functioning of statistical offices and their “good practices” –they are a two systemic consequences of shifting the responsibilities to statisticians, no political conspiracy to bury bad news.²⁵

The first inherent problem with statistical data is their quality requirements: they should be based on a tested method and supported by a time series of at least ten years. As developing and testing a method takes time as well, and so does the establishment of data collection and processing, it takes 15 to 20 years from the decision to monitor an issue to the availability of statistically meaningful data. Add to that the time from recognising a problem to the decision to spend resources on monitoring it, and 25 years is a good approximation for the time span between when a problem was recognised and the availability of data a statistical office would consider to be of sufficient quality. In other words: if a problem was recognised during the 1992 Rio UNCED conference, we would have the data now – but not for anything coming up ever since.

²⁵ For an overview on indicator quality criteria see Spangenberg, J.H. (2017). Measuring sustainability – or what? Indicator development, quality criteria, system evolution, and the new EU/EuroStat SDG Indicator Set. SERI Germany Background Paper. <http://www.seri.de>

The second problem is that monitoring focusses on change, on actions taken and their impacts, but not on what is happening due to the lack of action and attention (usually a political decision is required to permit statistical offices to invest in collecting and processing data on new issues, and thus issues of no political interest tend to be neglected). As a result, data on the impacts of a wide range of policies are available (many regulations include monitoring obligations), but hardly on the impacts of policy inaction. This turns reports based on statistical data into progress reports on actions taken. What would be needed from a sustainable development point of view instead would be an analysis starting from the ought and then reviewing the is, from sustainable development criteria to an assessment of how far the distance to target still is (a classical task of performance indicators). What we have instead is a report, based on statistically sound indicators, looking at how EU policies contributed to the implementation of the 2030 Agenda, while the deficits are not highlighted. The result is a set of overwhelmingly state indicators, with little attention to Pressures and Drivers, and thus where policy action has to be taken. For instance:

Share of total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor – is that because no other dwellings are available in that area? Or because the income is too low? Or because the repair work would be too expensive (lack of credit)?

Percentage of people affected by fuel poverty (inability to keep home adequately warm) – is that because they cannot afford fuel (the UK subsidises it in such cases), or because they cannot afford the repair cost? This calls for different solutions, like increasing incomes (salaries or social transfers), or energy management companies which upgrade housing and get their pay from the fuel savings.

Not referring to the pressures and drivers in all these cases makes it impossible to derive targeted measures from the information provided by the indicators. The narrowing-down on problem perception by the statistical quality criteria is obvious in the following examples from selected SDGs:

Goal 1. End poverty in all its forms everywhere

- *People at risk of poverty* – since measured as income level as compared to the national average (which is supported by the available data), the indicator is narrowing down the challenge, unlike “ending poverty in all its forms” as the goal requires.
- *People at risk of poverty after social transfers* – is welcome as together with the previous indicator it illustrates the usefulness and effectiveness of social security systems, but also the problem of primary income distribution.

However, where is the monitoring of how EU politics contribute to poverty worldwide? From textile workers’ income, health and safety in Bangla Dash via underpaid migratory workers doing recycling in China, to ship wrecking workers on the Indian coasts and Brazilian slave farmers (that is the legal classification) producing ingredients for European Christmas sweets?

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- *Agricultural factor income per annual work unit* – says nothing about the quality of work
- *Government support to agricultural research and development* – can be anything from GMOs to organic agriculture – quality criteria are missing.
- *Area under organic farming, ammonia emissions from agriculture, gross nutrient balance on agricultural land* – potentially useful, however gross nutrient balance on agricultural land tells

nothing about the surplus nitrogen from feed imports, the causes of the problem remain unclear and so do the measures needed to be taken.

- *Common bird index* – indeed about 1/3 loss of abundance is reason to worry, but where are the 70-80% losses of insects? Where is the question for the causes?

The goal is “End hunger, achieve food security and improved nutrition and promote sustainable agriculture” – where is the indicator characterising the impact of EU CAP and e.g. the biofuel policy on global hunger and food security? Which measures does the EU plan to enhance food security (stock up the low reserves, for instance)? Which measures are monitored promoting sustainable agriculture (beyond organic – as 100% organic is not on the EU agenda)?

Goal 12. Ensure sustainable consumption and production patterns

The indicators say nothing about household consumption except for energy, and nothing at all about sustainable production: as the EU has no policy here, and the report focusses on policy impacts, this gross failure is hidden behind a veil of ignorance.

Goal 13. Take urgent action to combat climate change and its impacts

- *Adaptation to sea level rise* (now estimated to become about twice as high as predicted in the 2013 IPCC ar5 report, so up to 2 m by the end of the century with high local variability): this seems to be too new an issue to deal with.
- *Average CO₂ emissions per km from new passenger cars* – since it has not been measured under on-the-road conditions, this seems to refer to a collection of data provided by the producers – as reliable as a Volkswagen...

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

What about weapons export, and EU government state guarantees for them?

Where in Europe can for instance Nigerian farmers take Shell, BP and others to court?

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Unfair trade, political pressures like those associated with the strategic material strategy, the policy impositions on the ACP countries, a critical assessment of European trade and its impacts in general – where to find all that?

7. Conclusion

Since decades the EU suffers from a cognitive dissonance between insight in social and environmental sustainability challenges and the attempt to solve them by neoliberal means. The failure is long recognised and answered all too often by shifting into a higher gear in terms of intentions and promises, without changing the policy basics, i.e. the neoliberal base and the hierarchy of themes. Without a massive change in substance, however, the EU is putting its own social license to operate at risk. Currently it is – unintentionally – feeding the trolls.