Affordability and Opportunity:

How to Heal a Divided Society?

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Credits

The Wilfried Martens Centre for European Studies is the political foundation and think tank of the European People's Party, dedicated to the promotion of Christian Democrat, conservative and like-minded political values.

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Foreword: Keeping Living Costs Affordable for Everybody

Klaus Welle

Affordability has moved to the centre of the political debate. Citizens have been plagued by the post-Covid inflationary experience. Gas prices skyrocketed following Russia's invasion of Ukraine. And even if headline figures have come down now, past inflation remains stored in current prices.

Some have been hit more heavily than others. If you only had a small financial buffer before, that buffer has now gone, or you are only getting by on credit. Food prices, energy prices and the cost of housing impact you much more, because they constitute a much higher share of your spending.

The affordability crisis is one of the main drivers of the continued rise of right-wing authoritarian parties. As anti-system parties, they profit from anger and disillusionment. Their electorate is composed, to a greater than average extent, of the less educated, those with lower incomes, the unemployed and blue-collar workers. Members of these groups experience competition for scarce public services and housing during events of mass migration such as those provoked by Russia's aggression against Ukraine or the bombardment of Syrian cities.

We are witnessing the revolt of the lower middle class.[1] The traditional social–democrat responses of increasing state spending and taxation have lost credibility in the eyes of the voters. Looking at their electorate, the authoritarian right has managed to form new workers' parties by promising a reduction in social competition through very strict migration policies or 'remigration' and the limitation of global economic exposure.

The Martens Centre's Academic Council has asked some of its eminent experts to develop new ideas on affordability from a Christian Democratic and conservative perspective. We focus on the housing market (Eoin Drea), energy poverty (Dimitar Lilkov) and digital equality (Žiga Turk), as well as on how to enable an economic turnaround (Ann Mettler), with precise recommendations for policymakers.

1 K. Welle, 'Donald Trump, the Revolt of the Lower Middle Class and the Next Phase of European Integration', *European View* 24/1 (2025).

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Three Inconvenient Truths: How to Stop Housing Radicalising the Young and Killing the Political Centre

Eoin Drea

House prices increased by 48% in the EU between 2015 and 2023.[2] Prices more than doubled during the same period in countries as diverse as Portugal (106%), Czechia (112%), Lithuania (114%) and Hungary (172%). In addition, 'from 2013 to 2023, rents skyrocketed 50% to 100% in many major cities, such as Lisbon, Dublin, Budapest, Berlin and Luxembourg'.[3] Housing affordability has declined significantly across Europe since 2010, particularly for single-person households.[4]

Yet, rising prices and rents tell only half the story. Recent data also clearly highlight that increases in household income—in particular after-tax disposable income—are significantly lagging behind the growth in house prices. For example, an approximate 45% rise in gross disposable income between 2010 and 2023 nearly matches house price growth (48%) across the same period. However, when adjusted for inflation, the real increase in household disposable income has not exceeded 3% per annum since at least 2003, with real declines evident in 2022 and 2023.[5] The sad reality is that housing affordability continues to decline for those seeking to enter the housing market for the first time.

Soaring house prices across the EU are also entrenching intergenerational wealth divides, with property ownership increasingly concentrated among older cohorts. Older people continue to own the vast majority of property assets across the EU. This is a trend that is becoming more pronounced over time. For the younger generations the opposite issue has emerged. In 2010, 50% of EU residents aged 25–34 owned a home; by 2023, this figure had dropped to 43%).[6]

Young people's ability to access property markets is increasingly dependent on the financial capacities of their parents, or other close family members. 'In France, nearly one-third of

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2 European Parliament, 'The Housing Crisis in Europe: Key Facts and EU Action (Infographics)' (17 October 2024).

3 M. Siemplenski Lefort, *Why Is There a Housing Crisis and How Do We Fix It?* EIB Essays (16 June 2025).

4 M. Langen, 'Housing Market Monitor: EU Housing Markets Share Common Problems', *ABN AMRO* (30 April 2025).

5 Eurostat, 'Households – Statistics on Income, Saving and Investment' (9 April 2024).

6 H. Dubois and S. Nivakoski, *Unaffordable and Inadequate Housing in Europe*, Eurofound (Luxembourg: Publications Office of the European Union, 2023).

low-income young households were homeowners in 1973, compared to just 16% four decades later, in part because in later years they did not benefit as much as their more affluent peers from personal family financial support to buy a home'.[7] This dependence on family support is often coupled with the ongoing difficulties for young people in accessing secure employment (often a prerequisite to gaining mortgage approval).

This paper is structured as follows. Part one provides a snapshot of the property market in Italy and highlights how existing household wealth, coupled with low growth and a lack of employment opportunities, is widening intergenerational inequalities. Part two offers a similar assessment for Ireland, noting how its failure to keep up with housing demand is also a recipe for increased dissatisfaction among young people. Part three offers conclusions by identifying three inconvenient truths that Europe's centre–right will have to address if the failures seen in Italy and Ireland are to be overcome on a broader level.

Italy: a gerontocracy in action

Economically, Italy and Ireland appear to be polar opposites. Italy with its high public debt, low growth and demographic decline stands in contrast to modern Ireland, which is characterised by high growth, low unemployment and an increasing population caused by mass immigration.[8] However, on the issue of housing—specifically widening intergenerational inequalities—Italy and Ireland are both clear examples of policy failure.

Despite house prices only rising 8% in Italy between 2013 and 2023 (compared to an EU average of 48%), the lack of housing opportunities for young people continues to worsen. In spite of perceptions in Brussels, Italy remains a very wealthy country. Italian households' overall wealth amounted to €5.2 trillion in 2023: €80 billion more than in the previous year and €552 billion more than in 2019. This wealth corresponds to two and a half times the national GDP (€2.1 trillion) and is nearly twice as high as the value (€2.9 trillion) of public debt.[9]

Italian households are also characterised by a very low level of household debt relative to overall income (57% in 2023). This compares to 78% in Germany and 95% in France.[10] Italians' strong propensity to save is deeply rooted in both historical experience and constitutional values. One of the most distinctive aspects of Italian financial culture is that Article 47 of the Italian Constitution explicitly mandates that '[t]he Republic shall encourage and safeguard savings in all forms'.[11] Given the financial turbulence associated with much of Italy's twentieth-century history, the focus on personal savings is understandable.

7 OECD, *Building for a Better Tomorrow: Policies to Make Housing More Affordable* (Paris: OECD Publishing, 20 April 2021), 12.

8 R. McGreevy, 'Ireland's Population Outperforms Increasingly Ageing EU', *Irish Times*, 21 May 2025.

9 G. Mercuri, 'Quanto risparmiano gli italiani? Sempre di più, ma un euro su tre resta fermo sui conti correnti', *Corriere della Sera*, 1 November 2024.

10 Eurostat, 'Households – Statistics'.

11 Italy, Senate of the Republic, *Constitution of the Italian Republic, Consolidated Version*, Translation edited by the Constitutional Court (26 September 2023).

The question then arises: why are young Italians finding it increasingly difficult to access the housing market—particularly in an economy with relatively stable property prices and very high levels of household wealth? The answer lies in a combination of the labour market challenges facing young people and the concentration of housing wealth in the older generations—a concentration that is becoming stronger due to the declining number of births in Italian society. These factors are giving rise to a growing generational chasm which successive Italian governments have deliberately failed to tackle over the past three decades.

The lack of well-paying, secure employment opportunities for young Italians is well documented.[12] As the oldest society in the EU—24% of Italians were aged over 65 years in 2024—Italian public services are defined by a social security system focused almost exclusively on the needs of older generations: over 77% of public social spending in Italy benefits people over the age of 65. Conversely, just 3% of total expenditure ends up with families and children.[13]

The distribution of Italian wealth is thus monopolised by very well-off, home-owning older generations, the vast majority of whom are now mortgage free. Remarkably, only 15% of Italian homeowners have a mortgage, compared to 61% of homeowners in the Netherlands.[14] Conversely, younger workers struggle to find stable long-term employment—a prerequisite for saving the capital required to access mortgage lending in Italy. It is no wonder that young Italians are living with their parents for longer and delaying family formation.[15]

Italy has become a nation defined by the 'haves' and the 'have nots'. Increasingly, inherited family wealth is the defining factor in young Italians' ability to become economically independent and socially mobile. The 'have nots' face a much more insecure economic future in a state which continues to entrench generational inequalities. This has given rise to a whole generation of young Italians who are dependent on inherited wealth.

Ireland: an 'inheritocracy'

Unlike Italy, for the past decade Ireland has enjoyed high economic growth, full employment and considerable inward migration to meet the growing need for labour. However, Ireland has also experienced one of most severe boom-to-bust (and back to boom) property price cycles in the world. Between 2007 and 2012 property prices declined by 55%, with the global financial crisis forcing Ireland to accept an external financial bailout in 2010).[16] However, following a decade of strong economic growth, Irish house prices are now higher than their 2007 peak.

12 See, for example, R. Bitetti and F. Morganti, 'The Middle Class in Italy', in A. Siegmann and M. Schafer (eds.), *No Robots: The Position of Middle Class Households in Nine European Countries* (Brussels: Wilfried Martens Centre for European Studies, CDA WI Research Institute and Konrad Adenauer Stiftung, 2017).

13 Eurostat, 'Statistics Explained: Population Structure and Ageing Statistics' (18 March 2025); E. Drea, 'How to Lose Friends and Alienate People: The Social and Political Consequences of Europe's Housing Crisis', *European View* 23/2 (2024).

14 M. Ditta, 'Generation Z May Not Need Mortgages – Here's Why', *The Conversation* (5 July 2024).

15 Drea, 'How to Lose Friends and Alienate People'.

16 Ireland, Central Statistics Office, 'Residential Property Price Index – December 2022, Key Findings' (28 May 2023).

This has created unstable socio-economic conditions as the legacy effects of the 2008–12 period continue to shape Irish property market dysfunction. Ireland's construction output and employment have never recovered fully from the collapse of the early 2010s. As a result, Ireland is experiencing a severe housing shortage—exacerbated by a strong economy and inward migration.

The dramatic post-crisis rise in house prices, combined with stricter lending rules and a lack of supply, has priced out many would-be buyers. 'Close to 80 per cent of people over the age of 40 in Ireland own their home . . . yet barely a third of adults younger than 40 are homeowners'.[17] This has occurred in a very strong economy with very little unemployment, even among the young. It is no wonder that housing continues to top the concerns of people living in Ireland.[18]

Without parental support, homeownership is increasingly out of reach for younger cohorts. Ireland has become a global example of a 'broken' property system.[19] Complementing these trends is the traditionally short-term and insecure rental system in Ireland where average rents are now over €2,000 per month.[20] In response, Irish policymakers have flip-flopped on rent caps, with a more flexible—but confusing—policy recently announced.[21]

In response to the shortage of housing, successive Irish governments have brought in a wide range of policies. While well-meaning, some of these initiatives have just added to the distortion of the wider property market. The establishment of bodies such as the Land Development Agency and Home Building Finance Ireland has been complemented by a bewildering number of other schemes designed to provide varying financial incentives to home buyers, developers and state bodies.[22] The Help to Buy Scheme directly helps first-time buyers by offering tax rebates of up to €30,000 either to buy a newly built house or flat, or to self-build a new home. The Irish government now spends a staggering €8 billion a year, directly and indirectly, on housing policy.[23]

One other notable characteristic of the Irish property market has been the increasing outsourcing of social and affordable housing provision. Rather than being directly constructed by local councils, a significant proportion of social housing provision in Ireland is now delivered by private developers (by leasing or selling units to local government or through

17 P. Flanagan, 'Barely One-Third of Adults Under 40 in Ireland Own a Home, Report Finds', *Irish Times*, 20 July 2023.

18 European Commission, Directorate-General for Communication, *Standard Eurobarometer 98 – Winter 2022/23: Public Opinion in the European Union – Ireland* (30 May 2023).

19 C. Stothard, 'Housing in Ireland Is Broken', *New York Times*, 6 September 2024.

20 A. Cox, 'Asking Prices for Rents Move Above €2,000 for First Time in First Quarter – Report', *RTÉ News* (19 May 2025).

21 O. Fletcher, 'Irish Government Eases Rent-Cap to Boost Home Supply', *Bloomberg News* (10 June 2025).

22 These include initiatives such as the Croí Cónaithe fund, which provides finance for building flats to sell to owner–occupiers and also to refurbish vacant properties. A new Secure Tenancy Affordable Rental scheme provides equity to private developers and authorised housing bodies to build cost-rental homes, along with a cost-rental equity loan scheme which loans money to approved housing bodies for these developments. Cost-rental properties are properties for which the rent is set at a rate that only covers construction costs.

23 C. Taylor and S. Bowers, 'Ireland's Housing Budget: How the State Is Now Spending More Than €8bn to Address the Crisis', *Irish Times*, 6 May 2024.

public–private partnerships) or by approved housing bodies (not-for-profit organisations or private companies).

Three inconvenient truths

Italy and Ireland have fundamentally different economic models, growth patterns and demographic profiles—yet both suffer from malfunctioning property markets and significant intergenerational inequalities. Italy's and Ireland's traditional home-owning models are failing their young people, resulting in a wide array of socio-economic issues. These include, but are not limited to, delayed family formation and increased dependence on inherited wealth. This is not a sustainable model for healthy societies.

What's Europe got to do with it? Very little

As Italy and Ireland clearly show, housing markets are distinctly national in nature and reflect varying historical, social and economic norms. Ireland is currently suffering from a chronic supply shortage of affordable homes, while Italy is struggling with a tepid labour market for young people, excessive financial caution among households and a conspicuous concentration of wealth among its older generations. None of these issues can be directly solved by the EU, nor does their resolution sit within any established European competence.

The issues in Italy and Ireland require differing responses. Brussels may be involved in setting the overall parameters (e.g. standards for the energy efficiency of new buildings), but it will have no meaningful impact on the national-level issues impacting domestic housing markets. As Ireland shows, a lack of financing is far from the fundamental issue restricting supply. In Italy, the question is not so much the lack of capital, but the distribution of household wealth among an older (mostly mortgage-free) population while younger home buyers face very conservative mortgage-lending requirements.

In this context, the EU would be better served by focusing on broad macro-economic policies that will deliver higher economic growth and more stable public finances at the member state level. This in turn will give national capitals more financial options to address their specific housing needs. In this context, Ireland provides a clear warning as to the need for a consistent output of new housing, rather than the stop–start model it has experienced since 2008.

Home ownership can only succeed in a diversified-tenure model

Ireland and Italy both emphasise 'home ownership' as the cornerstone of their property model. However, when this objective is pursued to the detriment of all others it can 'undermine growth, fairness and public faith in capitalism'.[24] This was most evident during the sub-prime mortgage crash in the US between 2007 and 2010.

The home-ownership model, particularly for young working families, can only succeed if the wider political approach also caters adequately to the lower paid (who often require social and affordable housing), long-term renters, students and the retired. Ireland and Italy have different approaches to public housing—it accounts for a little more than 10% of total housing stock in Ireland but just 3% in Italy.[25] Furthermore, while in Ireland social housing is increasingly provided by the private sector or non-governmental actors, in Italy such provision is still viewed as a suboptimal solution compared to home ownership.

If the centre–right in Europe is serious about maintaining home ownership as an achievable model for the middle class, it must disentangle the private home ownership market from the necessary role of government in providing social and affordable homes for those on low incomes.

Europe has experienced a significant reduction in expenditure on social and affordable housing over the last two decades.[26] Yet, social housing is integral to well-functioning private property markets. To deliver on the home ownership model Europe's centre–right must also deliver on social and affordable housing. And it is in this context that countries such as Denmark—where public and cooperative housing equate to over 30% of the total housing stock and relatively stable private markets—should be studied more closely.[27]

Widening the tax base should be a core centre–right principle

The social market economy model is based on the principles of personal responsibility and sustainability. Yet, younger generations in Europe are now being confronted by structural inequalities which are increasingly rendering social mobility and economic success less dependent on hard work, talent and flexibility. Inherited wealth is becoming increasingly important as a driver of progress for young people. In Ireland, 50% of first-time home buyers are receiving financial help from their parents.[28] This has created an 'inheritocracy' which is widening societal divisions.

Nowhere is this seen more than in the generational differences in household wealth which are underpinned by property values. Mortgage-free older generations are now faced with their children and grandchildren struggling to buy or rent an affordable property. These divisions are exacerbated by a taxation system which disproportionately penalises young people by

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24 *Economist*, 'Home Ownership Is the West's Biggest Economic-Policy Mistake', 16 January 2020.

25 OECD, *Building for a Better Tomorrow*.

26 OECD, *Social Housing: A Key Part of Past and Future Housing Policy* (OECD Publishing, Paris, 2020).

27 Housing Europe, *The State of Housing in Europe 2023: Trends in a Nutshell* (7 September 2023).

28 L. Lynott, 'Half of First-Time Buyers Getting Help From Parents to Step on Property Ladder, *Independent.ie*, 17 February 2023.

being heavily skewed towards income taxes. These are paid by the working generations who are also paying significant social security contributions to fund the very generous pensions of their parents and grandparents. This is not a sustainable social contract.

Across the EU27 taxes on earned income account for 20% of total GDP, while taxes earned on property account for just 1.9%. Taxes on property account for only 4.7% of total taxation across the EU27.[29]

For the centre–right this issue may require significant political trade-offs to be made. The traditional approach has been to try to increase the affordable housing supply for young people, including by providing direct financial support to younger generations to buy a home. However, this approach has only had a limited impact and—in some cases—may have just further stimulated housing inflation.

The reality is that housing's structural imbalances are becoming so pronounced that the centre–right must deal with its most inconvenient truth—the fact that their most important voter group (older and retired people, who mostly live mortgage free) needs to contribute towards ensuring a more sustainable economic model for their children. Addressing this issue will not be an easy task, but if it is not addressed it is one that will ensure that the support for centrist political parties among young people continues to decline as these voters become radicalised.

Conclusion

The political consequences of soaring house prices across Europe are now clear. They are a prime driver of deepening intergenerational inequalities and are feeding a sense of hopelessness among younger generations. This paper utilises the experiences of Italy and Ireland to highlight how political failures to combat intergenerational housing inequalities have contributed to the rapid disaffection of huge segments of the population. In this context, this paper identifies three inconvenient truths that Europe's centrist political parties need to face before real progress can occur.

Note: This paper was first published in the *European View*, the policy journal of the Martens Centre (*European View* 24/2 (2025), 186–94).

29 European Commission, Directorate-General for Taxation and Customs Union, 'Data on Taxation Trends' (5 June 2025).

	Programme 1	Programme 2	Programme 3
	The EU should focus on broad macroeconomic principles, not a centrally planned housing model	**Home ownership can only succeed in a diversified-tenure model**	**Widening the tax base should be a core centre–right principle**
Project 1	EU policy should reflect the national (and often regional) characteristics of property markets. A common one-size-fits-all European approach is neither feasible nor desirable.	Ensure private homebuilders are allowed to focus on their core business of delivering homes to sell to private individuals.	Reorient existing tax systems to reflect current intergenerational inequalities (e.g. lower income taxes for working families and a higher proportion of overall tax income derived from non-income-related assets).
Project 2	EU policy should focus on delivering higher and sustainable economic growth in member states. Growth that improves public finances will allow more policy options for national governments' housing policies.	Social housing is integral to well-functioning private property markets. To deliver on the home ownership model Europe's centre–right must also deliver on social and affordable housing. The latter should be provided by public authorities as part of a diversified mixed-market model.	Remove existing tax incentives which provide additional benefits (e.g. mortgage interest relief) to homeowners compared to all other property tenure types. These incentives generally only cause prices to rise faster than would otherwise be the case.
Project 3	The EU should actively research and advise member states on the future impacts of demographic changes on Europe's housing markets. This issue will be the single biggest determinant of future market conditions and needs to be more urgently addressed by policymakers.	Europe does not lack for financial resources. But these resources are distributed unevenly across generations. Incentives should be adopted to better utilise some of Europe's savings in long-term housing projects. This should be a specific aim of the EU's proposed Savings and Investment Union.	Provide tax incentives for those with larger properties who wish to downsize to smaller properties in later life.

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When Sustainability Meets Physical Reality: Restoring Energy Security and Reducing Energy Poverty in the EU

Dimitar Lilkov

The problem with the EU's current sustainability policy is not its ultimate aim or its sense of urgency. Environmental degradation is a fact, and Europe is acutely aware of the perilous effects of climate change and its global implications. The main folly of the European Green Deal was the attempt to make 'climate' the bedrock of our future economic and industrial policy whilst disregarding the importance of energy in this complex equation. Like it or not, over 70% of the EU's final energy consumption comes from fossil fuels, which are essential for European manufacturing, the chemical industry, domestic heating, transport, (digital) infrastructure and food security. The heavy push by progressive and green political forces has placed enormous pressure on European businesses and households to 'clean up their act' in the extremely short time span leading up to 2030. Even if the EU were to repent for the climate sins of the rest of the world, it remains doubtful how much of a positive effect this would have, given that Europe is responsible for 6%–7% of the world's greenhouse gas emissions.

This paper argues that restoring energy security and energy price affordability is one of the essential pillars for spurring economic growth, as well as for improving the cost of living for the vast majority of European citizens. Coupled with the uncertainty of the energy supply and ever-increasing climate mandates, high energy costs mean that the EU will be faced with a structural disadvantage. This will inadvertently hobble our competitiveness and geopolitical standing for years to come. Clean energy supply and overall sustainability measures need to be enabled and encouraged. But they cannot serve as a foundation for our economic system, at least in the short to medium term.[30]

Energy realities

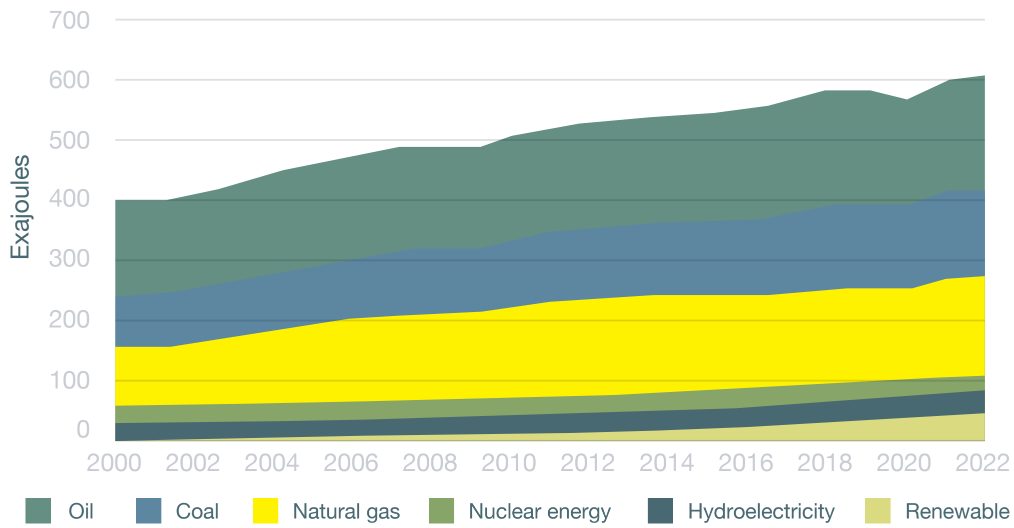
In 2024 global greenhouse gas emissions increased by 1% to yet another alarming

30 *In the long run we are all dead . . . or carbon neutral*, to paraphrase the illustrious John Maynard Keynes.

record, fuelled by rising coal and oil usage, especially in China and India.[31] The world met approximately 82% of its total energy needs with polluting fossil fuels while a mere 9% of the global total came from renewables (biomass, solar and wind) (Figure 1). Even though certain geographic regions are making headway on the renewable rollout, most countries are failing in their greenhouse gas commitments.

The EU is increasing its renewable energy sources, but it still needs oil, gas and coal for more than 70% of its total energy usage. Even after drastically reducing its imports of Russian natural gas, the EU remains extremely energy dependent on deliveries from conventional pipelines (e.g. Norway) or liquefied natural gas (LNG) shipments from the US and Qatar. It makes perfect geopolitical sense for Europe to pivot fully away from fossil fuels to increase its autonomy and reduce its dependence on autocratic regimes. However, one should not disregard the complexity and timescale of such an effort. A sudden shift in energy supply immediately leads to exorbitant prices and a direct shock for businesses and consumers.

Figure 1 Global energy demand by source



Source: Energy Institute, *Statistical Review of World Energy* (March 2025).

The EU experienced the shocks of both high energy prices and lack of availability in the aftermath of Putin's aggression in Ukraine. Weathering the energy storm meant emergency spending of €600 billion in national subsidies to shield households and industry from price shock in 2022–3.[32] The simple political message 'use more renewable energy' underestimated the physical realities of European energy infrastructure and overlooked the

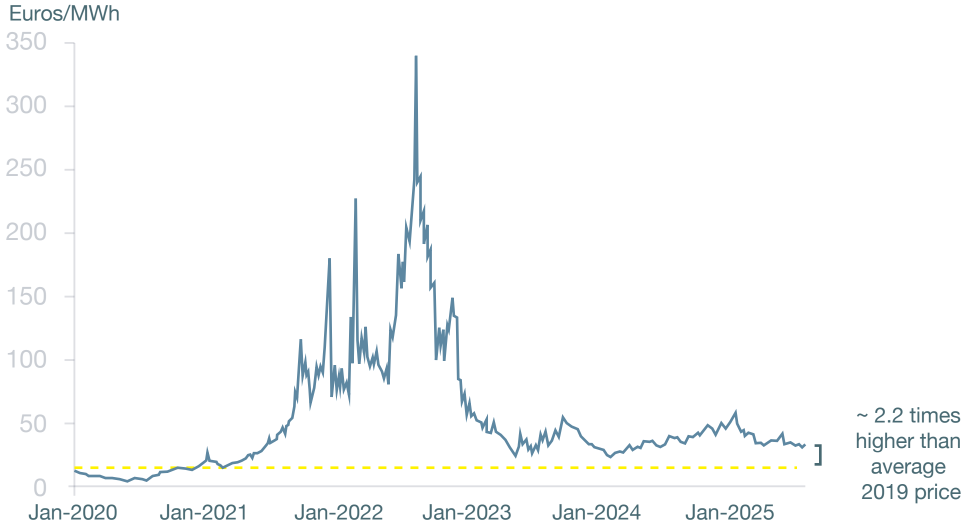
31 Energy Institute, *Statistical Review of World Energy* (March 2025).

32 G. Sgaravatti et al., 'National Fiscal Policy Responses to the Energy Crisis', Bruegel (updated 26 June 2023).

fact that industrial output, domestic heating and long-haul transport energy needs cannot be met by intermittent and low-output solar and wind. As a result, in 2022 emergency spending for costly gas deliveries and LNG pushed the EU into a trade deficit for the first time in its history—a deficit of more than €400 billion.[33]

The combination of the energy price shock and Europe's rigorous climate commitments dealt a heavy blow to the EU's energy-intensive industrial sector. European iron and steel production has taken a noticeable hit, with 50% of aluminium and 70% of ammonia production in the EU having been curtailed during the long tail of the energy crisis.[34] Industrial production in the eurozone has been in constant decline throughout 2023 and 2024, with only the first two quarters of 2025 showing modest signs of recovery.[35] Even though the price for natural gas in the EU has normalised, the latest averages are still more than double the usual gas price in the previous decade (Figure 2). In a worrying trend, many European companies are considering moving to other continents due to the regulatory requirements and high energy prices in the Union.[36]

Figure 2 Europe: Title Transfer Facility gas price



Source: Oxford Economics/Haver Analytics

Note: MWh = megawatt hour.

The unsettling reality is that the EU has the world's most ambitious decarbonisation commitments but enjoys security in neither the supply nor price of energy. At the same time, it has one of the toughest regulatory burdens globally, together with high labour

33 Eurostat, News Articles, 'Highest Ever EU Trade Deficit Recorded in 2022' (31 March 2023).

34 European Round Table for Industry, *Competitiveness of European Energy-Intensive Industries* (Brussels, 2024), 6–7.

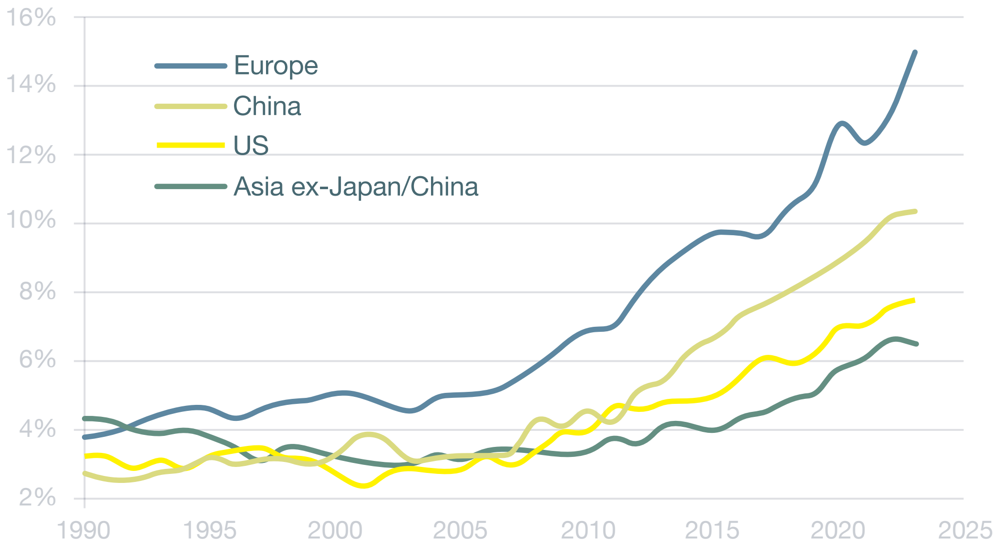
35 Trading Economics, 'Euro Area Industrial Production' (n.d.).

36 A. Zachová, 'Companies Switching From Europe to US Amid High Energy Cost', *Euractiv*, 12 June 2024.

costs and sluggish economic growth. As a result, the only viable way for Europe to move close to its own climate targets is through less manufacturing output and a shrinking economy, which leads to less energy usage. Certain political actors regard a decline in energy consumption as a success in reducing our collective carbon footprint, whereas responsible policymakers see this as a clear example of a degrowth mentality and clear signs of the deindustrialisation of Europe. Bureaucratic management and wishful thinking about top-down climate goals go a certain way towards providing direction but do not ensure rapid progress or economic advantages.

European policymakers have to come to terms with the fact that the energy transition is a slow and gradual process, not a rapid exponential one (Figure 3). Advances in the deployment of solar power have led political actors and the international media to conclude that clean energy is skyrocketing internationally. True, there have been serious advances in the deployment of clean electricity, which currently generates around 8% of electrical power globally.[37] However, electricity alone constitutes only one-fifth of total energy consumption and can be a misleading indicator for the progress of renewable energy. In fact, solar power accounts for around 2% of the world's final energy consumption.

Figure 3 Renewable share of final energy consumption



Source: Energy Institute, *Statistical Review of World Energy* (March 2025).

Additionally, there is the issue of costs. There is a widespread narrative that solar and wind energy are the 'cheapest form[s] of energy' compared to fossil fuels.[38] This is due to the usage of the 'levelised cost of electricity' metric when comparing different energy

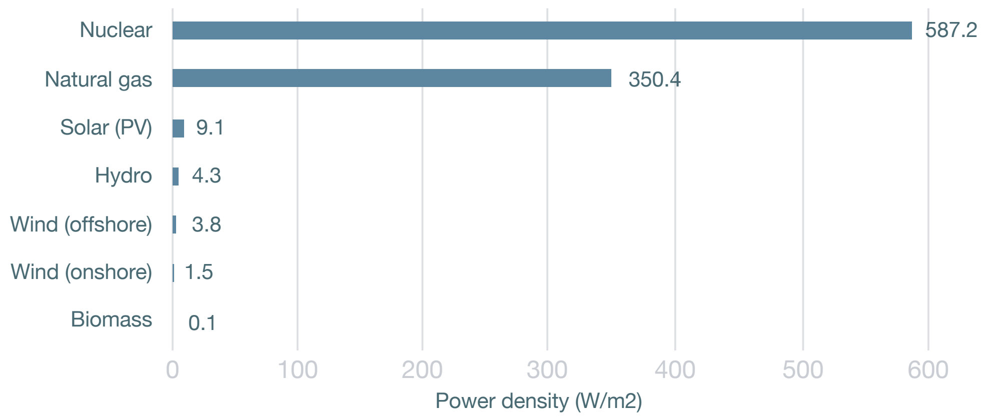
37 E. Graham, N. Fulghum and K. Altieri, *Global Electricity Review 2025*, Ember (8 April 2025).

38 *The Economist*, 'Renewable Energy Has Hidden Costs', 21 September 2023.

sources. The levelised cost of electricity does not take into account the full costs of the renewable infrastructure: investment in transmission lines and backup thermal power (which is usually from gas or coal; this backup power is required when the sun is not shining and the wind not blowing), as well as the capital costs for the maintenance of related battery storage. A case in point is Germany, which had one of the highest electricity bills in the EU in the last decade even though renewable energy is a substantial part of the country's electricity mix.

These problems are already stifling the rollout of renewables across the EU. It is easy to forget that fossil fuels have the natural advantage of existing energy infrastructure, and also that they are much more energy-intensive and reliable as energy sources compared to solar and wind power (Figure 4).

Figure 4 Median power densities of generational sources



Source: J. K. Nøland, et al., 'Spatial Energy Density of Large-Scale Electricity Generation From Power Sources Worldwide', *Scientific Reports* 12, Article 21280 (2022).

Social aspects of the transition and energy poverty

Regrettably, the EU is in a completely different financial and geopolitical position compared to 2019, when the European Green Deal was announced. We already see clear signals that the current framework is neither generating 'green growth' nor putting the continent on a fast track towards carbon neutrality.

Overall, the EU decarbonisation effort will be borne mostly by the European middle class and could put a heavy strain on poorer households, which are already fighting poverty. Each year over 40 million Europeans struggle with paying their energy bills as energy poverty continues to worsen in the EU.[39] Disturbingly, many European policies underestimate or simply ignore the additional resources needed to address the societal cost of the transition (mass redundancies in the fossil-fuel sectors, retraining of personnel, etc.). The highly

39 European Parliament Research Service, 'Energy Poverty in the EU', Briefing (18 September 2023).

anticipated Just Transition Fund was supposed to mobilise €100 billion to support a gradual clean energy transition and employee reskilling. But it has come up short, reaching a total of just €17.5 billion, and it has been plagued by delays and poor implementation.[40]

Disturbingly, many European policies underestimate or simply ignore the societal cost of the transition. Even though the whole process is being carried out in good faith, European policymakers seem to have no idea of the ultimate price tag on net zero. Current performance remains unconvincing regarding whether these resources actually bring about the intended results in decarbonisation. The European quest for sustainability is becoming economically and societally unsustainable.

Clean energy bottlenecks and the false promise of green hydrogen

What are the options for diversifying and stabilising the EU's energy supply? One of the biggest expectations came with green hydrogen (H2) and the prospect of sustainable long-haul travel, heating and energy-intensive industries. In itself, H2 is an energy carrier. It is obtained from the electrolysis of water, which requires abundant natural gas. (H2 derived in this way is labelled fossil-derived *grey hydrogen*.) From both the European Parliament and Commission came a big push to devise an ambitious strategy for reaching 10 million tonnes of domestically produced renewable H2 by 2030, with an additional equivalent to be imported from abroad.[41] Producing such large quantities of green H2 would require a huge amount of clean electricity.

Unfortunately, to date, per unit of energy, H2 for road transport or winter heating is much less efficient than directly electrified alternatives.[42] The whole industry has been marked by over-ambitious expectations, but actual industrial production and investment have hit severe obstacles. Electrolyser manufacturers across the globe are downgrading production capacities due to severe delays and insufficient demand for green H2.[43] Only a very small percentage of the world's larger sustainable H2 projects have actually reached the stage at which final decisions have been taken about whether to make the investments required.[44] In Germany, the UK, the Netherlands and Belgium, a number of H2 electrolyser capacities, buses, trucks and residential heating projects have been cancelled or suspended. The main reasons cited are high costs (in capital expenditures and operating expenses), the

40 A. Rosengren et al., 'EU's Just Transition Fund: Is It Really Helping Workers and SMEs?', *EUobserver*, 21 June 2024.

41 European Commission, Directorate-General for Energy, 'Commission Outlines European Hydrogen Bank to Boost Renewable Hydrogen', Press Release (16 March 2023).

42 M. Cembalest, *Heliocentrism: Objects May Be Further Away Than They Appear*, Eye on the Market, 15th Annual Energy Paper, J. P. Morgan (4 March 2025).

43 Ibid.

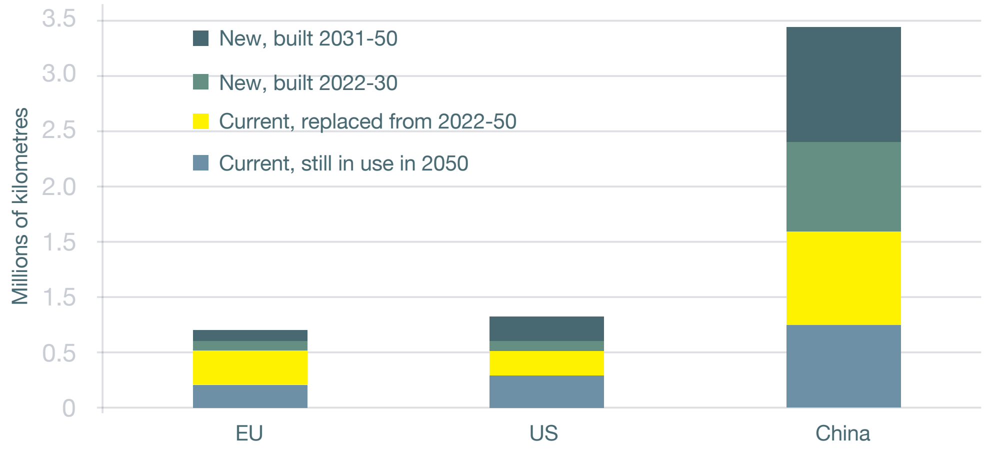
44 E. Lardizabal, 'Only 4% of Hydrogen Projects Reach Final Investment Decision: Europe Faces a Financial Bottleneck', Strategic Energy Europe (2 April 2025).

lack of long-term demand and dependence on subsidy schemes.[45] The whole H2 economy accounts for around 2% of the global final energy consumption, most of which is derived from fossil fuels. Clearly, green H2 will remain a very small component, if present at all, of Europe's energy mix in the years to come.

Funding and enabling solar and wind infrastructure provides highly welcome energy additions to Europe's energy mix. However, the EU legislative frenzy around clean energy was slow to account for the tremendous wait times to receive national permits for rolling out renewable infrastructure. EU legislation calls for a maximum waiting period of 24 months for receiving approval. However, most member states need five to eight years to issue permits for onshore wind, while for solar it can be up to four years.[46]

Leaving bureaucracy aside, there is the additional challenge of grid capacity. Member states cannot just take a 'plug and play' approach to energy infrastructure. Physically connecting new clean energy to the electricity grid takes a lot of time due to the lack of investment in both transmission and distribution. Close to half of Europe's distribution grids are over 40 years old and in dire need of modernisation.[47] Current grid developments and long-term ambitions are not ideal in either the EU or the US (see Figure 5). Renewable technologies also need to be enabled through the necessary infrastructure, such as charging stations for EVs, smart meters and secure software.

Figure 5 Transmission grid developments in select regions



Source: M. Cembalest, *Growing Pains: The Renewable Transition in Adolescence*, Eye on the Market, 13th Annual Energy Paper, J. P. Morgan (28 March 2023).

The data shows that since 2020 the EU has increased the share of renewables by roughly

45 Hydrogen Insight 2024

46 Graham, Fulghum and Altieri, *Global Electricity Review 2025*.

47 S. Kardaś, 'Gridlock: Why Europe's Electricity Infrastructure Is Holding Back the Green Transition', European Council on Foreign Relations (26 October 2023).

0.8%–1.0% per annum to reach approximately 24% of the total energy mix for 2024.[48] At the same time, the Union has committed itself to 42.5% renewable energy in the final mix by 2030. This means that member states need to triple the current rate of renewable deployment. Over the next six years, EU countries need to roll out the same amount of clean energy infrastructure that took more than two decades to produce.

This is not to mention the uncomfortable reality that a sizeable percentage of the EU's solar panels, battery units, magnets and related technological components are primarily imported from China. The notorious grip on the crude oil supply held by the Organization of the Petroleum Exporting Countries (40% of global production) pales in comparison to China's near dominance in lithium, cobalt and rare earths exports, as well as in mineral processing. The EU's Green Deal has inadvertently become a huge wealth transfer to the People's Republic of China.

This section is not intended to make the case that the EU should not develop renewable energy or that clean energy alternatives should not be considered. On the contrary, these goals need to be pursued. But policy planning and goal setting should follow a realistic assessment of the current physical realities. Solar, wind and sustainable H2 are all welcome in the long-term mix but cannot guarantee Europe's energy needs or strategic industrial and economic needs.

Conclusion: put an end to energy austerity

A lack of energy means a lack of prosperity. Climate change cannot be the only driver of Europe's energy policy. The immediate priorities should be balanced with energy security and price stability. Gambling with energy austerity means placing European households and businesses under severe pressure due to volatile prices with extreme seasonal variations. Policymakers need to be aware that even though decarbonisation remains a (very) long-term goal, Europe's prosperity is tied to affordable natural gas and petroleum products. Steel, cement, fertiliser, plastics, chemicals, food security, transport, heating and manufacturing all rely on affordable and abundant energy flows. And then there are next-generation technologies, digital infrastructure and quantum computing, all of which require expanding energy resources.

In conclusion, an all-encompassing review of the policy options available is beyond the scope and ambitions of this paper. It makes a number of recommendations aimed at bringing back energy security and reducing energy poverty in the EU. Sustainable energy alternatives have an important role to play but are far from being the main drivers. Though small and slowly expanding, the clean energy transition is a welcome addition to the existing fossil-fuel energy infrastructure, which will remain with us for decades to come.

In the rush to get the luxury of the green premium, we risk breaking the foundation.

48 European Environment Agency, *Share of Energy Consumption From Renewable Sources in Europe* (16 January 2025).

	Programme 1	Programme 2	Programme 3
	Guarantee an abundant and affordable energy supply	**Smart nuclear (aware of costs and over-runs)**	**Enabling the clean energy transition**
Project 1	Europe should stay on track to phase out Russian pipeline and LNG gas deliveries. To get the best prices and avoid costly spot market transactions, long-term contracts should be established with a diverse set of partners across the globe. Current pipeline partnerships—with Norway and countries in North Africa—should be kept due to their importance in stabilising our energy needs.	Europe's nuclear industry is essential for ensuring an abundant supply of clean electricity. Nuclear energy must remain within the EU's taxonomy for green investment as a technology of critical importance. To extend the lifespan of the over 100 active nuclear reactors in Europe, their capacity should be expanded and maintenance should be improved.	Member states should urgently address the question of grid investment in transmission and distribution networks. Consideration should also be given to ultra-high-voltage lines and sufficient storage capacity to compensate for the intermittency of renewable power. To improve real-time supply-and-demand adjustments and optimise overall performance, digital solutions and 'smart' grids should be developed.
Project 2	EU member states should re-evaluate their capacity to produce more domestic resources. They should be encouraged to open new mining sites for certain critical materials, abiding by high European environmental standards. Europe has deposits of lithium, copper, nickel and other critical minerals. A similar approach should apply to natural gas exploration activities within the Black, North and Mediterranean Seas. This is expensive and time-consuming, but we are looking at timelines beyond 2050.	Funding for nuclear research should be increased in the next EU budget. Commercialising fusion energy or next-generation nuclear capacities remains a distant prospect, but the EU needs to stay ahead in the race. National interests should give way to supporting the nuclear industry from expanded funding lines.	European policymakers should reconsider their current policy of 'picking winners' and prematurely backing certain energy alternatives (such as H2). The EU needs to wed technological neutrality with additional shared resources and support European companies' efforts to create breakthroughs in clean energy. Europe needs to invest in industries which provide it with competitive advantages and opportunities to penetrate global markets.

	Programme 1	Programme 2	Programme 3
	Guarantee an abundant and affordable energy supply	**Smart nuclear (aware of costs and over-runs)**	**Enabling the clean energy transition**
Project 3	The European Energy Union remains incomplete. We saw the vital importance of coordinating gas storage and ensuring joint support. Strengthening cross-border connectivity (via pipelines, electricity interconnectors, etc.) and improving energy market coupling between countries will bring the EU closer to collective energy security.	Russia and India forge ahead with sodium-cooled fast reactors, while China is making headway in the traditional nuclear fleet and small modular reactor pilots. It is of geopolitical and commercial importance that the EU pursues advanced small modular reactor projects and remains an active player in the nuclear industry internationally.	To navigate the global energy transition and to profit internationally, the EU should develop strategic and mutually beneficial partnerships with emerging economies, while promoting European companies. This would build resilient supply chains; secure diversified, long-term access to critical supplies; and contribute to economic development in partner countries.

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Digital Equality, Analogue Envy: Competitiveness, Not Redistribution, Counters Populism

Žiga Turk

The prevailing narrative that populism is primarily driven by declining affordability is both politically expedient and analytically flawed. While rising costs in housing and energy are real and concerning, they cannot fully explain the appeal of populist movements across Europe. Indeed, some of the strongest support for populist parties arises not from the poorest regions, but from areas experiencing relative stagnation or status anxiety among the lower middle class.[49] The real driver, increasingly, is not absolute deprivation—but relative positioning, or what classical moralists call envy.

This is not to downplay economic strain, but to point out that the *perception* of unfairness matters more than the material reality. Studies in behavioural economics and sociology confirm that individuals care less about what they have than about what others appear to have.[50] In this context, digital platforms amplify these comparisons dramatically, transforming social envy into a persistent psychological background condition.

Seen through this lens, many affordability debates miss the point. Living standards in Europe—measured by life expectancy, housing quality, consumption and education—have improved markedly over the past two generations. And yet the sense of grievance persists. This paradox is not explained by material conditions alone, but by the *increased visibility of inequality*, especially in analogue domains: housing, travel and luxury consumption. The Internet does not create these disparities, but it renders them hyper-visible.

49 N. Gidron and P. A. Hall, 'The Politics of Social Status', *British Journal of Sociology* 68/S1 (2017); R. Inglehart and P. Norris, *Trump, Brexit, and the Rise of Populism*, HKS Faculty Research Working Paper Series, RWP16-026 (Cambridge, MA: Harvard Kennedy School, 2016).

50 R. H. Frank, *Falling Behind: How Rising Inequality Harms the Middle Class* (Berkeley: University of California Press, 2007).

Envy, as Max Scheler warned in his *Ressentiment*,[51] becomes politically toxic when it masquerades as moral outrage. Populism thrives on this transformation—recasting comparative resentment as legitimate protest. In this context, policies that over-emphasise affordability risk reinforcing, rather than defusing, populist narratives. They treat the symptoms without addressing the causes.

To be effective, European digital policy must start from an accurate diagnosis. Digitalisation has not impoverished Europe—it has enriched and equalised access in unprecedented ways. The deeper threat lies in the misperception of decline and exclusion, fanned by curated lifestyles and algorithmic exposure. Populism feeds on this emotional landscape—not on food prices, but on filtered resentment.

Living standards better but less appreciated

Despite widespread perceptions of decline, the objective reality of material conditions across Europe tells a different story. By virtually every quantifiable measure, Europeans today live longer, eat better, travel more, and enjoy higher standards of comfort and security than previous generations. Yet this progress is often under-acknowledged or outright denied, particularly in populist discourse and its media ecosystems. It is therefore essential to anchor policy in facts, not feelings.

Take health, for example. In 1970, life expectancy in the European Economic Community averaged 70 years; by 2022, it had risen to over 81 years.[52] Mortality from cardiovascular diseases and infectious illnesses has plummeted, while access to modern healthcare has expanded dramatically through universal health systems and digitalised service provision.

Nutrition has followed a similar trajectory. Caloric intake, food variety and dietary quality have all improved over the long term. The average European today consumes more fruits, vegetables and proteins than in 1960, while undernourishment has become statistically negligible in EU member states. Even among low-income groups, access to safe, diverse and affordable food is higher than at any point in European history.

Housing, often cited as a driver of the affordability crisis, likewise reveals long-term gains. Recent decades have seen a steady rise of the average floor space per person.[53] Modern dwellings now offer central heating, sanitation and digital connectivity as standard features, even in social and rental housing. Though housing prices have increased in some urban centres, especially post-2010, this has been partially offset by better housing quality and greater access to credit.

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51 M. Scheler, *Ressentiment*, ed. and trans. by M. S. Frings (Milwaukee, WI: Marquette University Press, 2010).

52 Eurostat, 'EU Life Expectancy Estimated at 81.5 years in 2023' (3 May 2024); *Macrotrends*, 'European Union Life Expectancy', 2023.

53 M. Bagheri, A. Pröpper and G. Klein, 'Exploring Residential Space Use Patterns and Potentials for Change: Findings From a Multi-Country Survey', *Energy Efficiency* 18/66 (2025),

Moreover, Europeans now enjoy more leisure time. According to OECD data, average annual working hours per employee in the EU have declined from roughly 1,900 in 1970 to around 1,600 in 2024.[54] Paid leave has expanded, and participation in tourism has become widespread: over 65% of EU citizens took at least one trip in 2023, up from 55% in 2006.[55] The right to leisure—once a marker of the elite—is now widely exercised.

The often-cited claim that younger generations are 'the first to be worse off than their parents' lacks an empirical basis. While home ownership may be delayed, younger cohorts possess higher educational attainment, better health and greater access to global knowledge networks than previous generations. Long-term consumption data indicate continued growth.

These gains are not evenly distributed—but they are broad and persistent. The larger story is one of rising material comfort and security, not mass immiseration. This is the historical achievement of post-war consumer capitalism, underpinned by technological innovation, market integration and social policy. The Model T Ford was the archetype: a luxury item democratised through productivity. The smartphone, now ubiquitous across income groups, is its digital heir.

Understanding this trajectory is crucial. Policies grounded in false narratives of absolute decline risk misallocating resources and feeding the very discontent they seek to quell. A truthful account of progress—not utopian, but evidence-based—is the necessary foundation for effective policymaking in a digital age.

Digital access: the great equaliser

While many policy debates focus on how digitalisation might deepen inequality, the opposite has also occurred: digital tools have become one of the greatest equalising forces of the twenty-first century. Across Europe and much of the world, digital content, services and platforms are accessible to almost everyone. Unlike earlier technologies—automobiles, domestic appliances and even land—digital goods are often *non-rivalrous*, *scalable* and *ubiquitous*. The rich and the poor now use the same messaging applications, access the same encyclopaedias and study via the same massive open online courses.

Digital devices are widely diffused. In 2023, 95% of the households in EU cities (and 91% in rural areas) had Internet access; and among those aged 16–74, smartphones were used to access the Internet by 89% of those living in EU cities (and by 82% in rural areas).[56] The costs of powerful tools—search engines, applications for translation and document editing, and even generative artificial intelligence (AI)—have plummeted to zero at the point of use. Platforms such as Coursera, Khan Academy and Duolingo offer elite-calibre education for free or at negligible cost, dramatically lowering barriers to upskilling.

54 OECD, 'Average Annual Hours Actually Worked per Worker', *OECD Data Explorer* (n.d.).

55 Eurostat, 'Tourism Statistics' (2025).

56 Eurostat, 'Access to internet in urban and rural areas in 2023' (22 November 2024).

This technological levelling has contributed to rising *social mobility*, especially in services and creative industries. Digitalisation has allowed talented individuals from peripheral geographies or modest backgrounds to access markets, clients and audiences that were once closed to them. For example, Etsy, Upwork and Substack have enabled micro-entrepreneurship without capital. As a result, traditional gatekeepers—publishers, broadcasters and universities—no longer monopolise access to opportunity.

Perhaps most tellingly, digitalisation has reshuffled the composition of the global elite. The world's richest individuals are no longer primarily heirs to industrial fortunes or landowners. Instead, many are first-generation founders of digital firms—Amazon, Meta, Alibaba, Spotify, Revolut—who have capitalised on code, not capital. The 2023 Hurun Global Rich List found that over 60% of new billionaires made their wealth in tech or finance, most of them self-made.[57] This signals a tectonic shift: *intangible capital*, not inherited assets, now dominates.

It would be naive to claim that digitalisation alone eradicates inequality. But it is equally misguided to overlook its equalising effects. Access to information, services and tools has never been more democratised. The digital world—open, horizontal and meritocratic—is in many ways more equal than the analogue one. If inequality persists, its drivers lie elsewhere: in housing markets, education systems and inherited assets—not in the structure of the Internet.

Analogue inequality and the politics of envy

If digitalisation has levelled the playing field in terms of access to tools and information, it is in the *analogue world*—real estate, travel, fashion and lifestyle—that inequality remains most visible and most potent. Yet it is those digital platforms that now act as *magnifiers of these inequalities, transforming envy from a private emotion into a constant public spectacle*. This is the paradox of digital modernity: it equalises access to digital goods while intensifying the *visibility* of analogue differences.

Platforms such as Instagram, TikTok and YouTube have become global theatres of aspiration and consumption. Their business models thrive on the projection of carefully curated lifestyles—holidays in Tuscany, home renovations, private schooling, luxury brands. These images do not merely inform or entertain; they induce comparison. As social theorist Alain de Botton noted in *Status Anxiety* (2004),[58] modern society is uniquely structured to generate envy, not through wealth itself, but through the proximity of wealth to those who lack it.

57 Hurun Research Institute, *Hurun Global Rich List 2023* (2023).

58 A. de Botton, *Status Anxiety* (Penguin Books, 2004).

This dynamic has deep philosophical roots. Rousseau[59] distinguished between *amour de soi*—a healthy self-regard—and *amour-propre*, a social form of self-love that depends on the opinion of others. It is the latter that becomes pathological in unequal societies. Scheler's *Ressentiment*[60] warned that envy becomes politically dangerous when moral values are inverted to mask resentment. Populism often exploits this logic, transforming private envy into collective grievance.

Empirical studies confirm that *perceived inequality* is often more politically salient than measured inequality.[61] In societies where consumption is more visible, dissatisfaction rises even if material conditions improve. The result is a widespread belief that the system is 'rigged'—not because people are destitute, but because they feel excluded from visible success.

Ironically, many of the analogue markers of inequality—travel, housing, beauty—are now hyper-visible because of digital technology. The smartphone becomes a window into a world of unattainable lifestyles. Thus, it is not digital goods that breed resentment, but analogue ones—curated, filtered and algorithmically promoted.

To the extent that digital platforms amplify this envy, they also undermine social cohesion. But the solution is not to restrict digital expression or subsidise lifestyle parity. Rather, it is to develop policies that restore dignity through opportunity and productivity—not by pandering to resentment. This begins with restoring Europe's competitiveness.

Populism and its misuse of the affordability narrative

The political utility of the 'affordability crisis' has made it a favourite talking point across the political spectrum, particularly among populists. Framing public discontent as a reaction to economic hardship allows for simple moral binaries: the people versus the elites, the excluded versus the protected. But this narrative, though rhetorically powerful, is empirically thin and strategically misleading. Populists do not merely exploit material deprivation—they manufacture *perceived injustice*, often by reframing envy as economic grievance.

This is evident in the shifting discourse of European populist parties. Once centred on sovereignty and immigration, their messaging increasingly appropriates the language of social justice: housing unaffordability, stagnating wages and rising prices. Yet the policy responses they propose—subsidies, price caps and trade protectionism—rarely address structural competitiveness or long-term affordability. Instead, they offer symbolic compensation for lost status.

59 J.-J. Rousseau, *Discourse on the Origin of Inequality* (The Floating Press, 2009).

60 Scheler, *Ressentiment*.

61 V. Gimpelson and D. Treisman, 'Misperceiving Inequality', *Economics & Politics*, 30/1 (2018).

The mainstream centre, in turn, has often responded defensively—by attempting to ‘outbid’ populists with redistributive promises, especially in digital domains: free broadband, digital allowances and subsidised devices. These may yield short-term popularity, but they miss the root issue. As the previous sections have shown, digitalisation has already equalised access to many goods and services. Material conditions have improved; digital tools are broadly available. It is the *perception* of being left behind—socially, not digitally—that drives dissatisfaction.

In this context, digital policies that frame affordability as the central problem risk legitimising the populist premise. They reinforce the idea that the system is failing, that the ‘have-nots’ are growing and that digitalisation is a source of exclusion rather than empowerment. In effect, technocratic redistribution can become performative politics—offering gestures rather than solutions.

Moreover, such policies can be economically counterproductive. Over-regulation in the name of digital fairness may stifle innovation, limit competition and ultimately raise costs. Over-subsidisation risks entrenching dependency rather than enhancing autonomy. As Mario Draghi’s 2024 competitiveness report emphasised, Europe’s long-term prosperity depends not on compensating losers, but on increasing productivity and enabling participation.[62]

What populism reveals is not a simple gap in affordability, but a deficit of dignity. Citizens want more than access—they want purpose, contribution and recognition. Digital policy must shift from a compensatory to an enabling paradigm: not the redistribution of digital goods, but empowerment through digital productivity. The challenge is not to blunt populism’s edge with subsidies, but to render its premise obsolete by offering a better future rooted in work, innovation and opportunity.

The real digital agenda: productivity, work and competitiveness

If envy, not poverty, is the emotional fuel of contemporary populism, then the real political antidote lies not in economic redistribution but in restoring *dignity through work*. Employment—particularly productive, gainful employment—remains the most powerful means of social integration, self-respect and upward mobility. Yet for many Europeans, this promise has weakened. The stagnation of productivity growth, the deskilling of middle-class labour, and the perception that newcomers are competing unfairly for jobs and services have combined to produce a volatile mix of resentment. Populists have capitalised on this discontent—not by offering solutions, but by assigning blame.

The truth is more complex. Europe’s productivity gap with the US has widened significantly in the past two decades. The causes are well known: slower diffusion of digital technologies,

62 M. Draghi, *The Future of European Competitiveness*, European Commission (2024), 5, 34.

fragmented capital markets, the regulatory burden and underinvestment in intangible assets. As the Draghi report emphasised, Europe's failure to scale its digital infrastructure and platform economy has hampered both innovation and job creation.[63]

This stagnation is not merely an economic issue—it is political. When economies fail to generate opportunities that match citizens' expectations, disillusionment spreads. It becomes easier to believe that 'others'—immigrants, elites, Brussels bureaucrats—are to blame. In such contexts, migration becomes the scapegoat. While labour migration has contributed positively to European economies overall, its *perceived* impact on public services and wages, particularly in low-skilled sectors, has been politically explosive.

Populists have skilfully exploited this narrative: jobs taken by foreigners, housing costs driven up by asylum seekers, welfare strained by newcomers. Whether or not these claims hold empirically is beside the point; what matters is the widespread belief that competition is unfair and that national governments are no longer in control. Digitalisation, paradoxically, is also viewed with suspicion: it is a symbol of modernity that benefits global firms and mobile elites, but not local workers.

To reverse this, digital policy must be reoriented towards productivity and inclusion. This means equipping workers and small and medium-sized enterprises with the tools of the digital economy: cloud services, AI applications, automation and cybersecurity. It means simplifying regulation so that innovation becomes easier than evasion. And it means investing in *digital vocational education*, not just elite research—giving young people and mid-career workers alike a future in the real economy.

Europe does not suffer from a lack of resources or talent. It suffers from a failure to convert these into *visible opportunity*. The goal of digitalisation must not be to subsidise consumption, but to enable *production*. It must not merely soften the blows of structural change but create new pathways for dignity through work. That is the conservative digital agenda: not a politics of appeasement, but a politics of aspiration.

Policy recommendations: conservative digitalisation for the people

If digitalisation is to contribute meaningfully to restoring affordability and social cohesion, it must be understood not as a tool of redistribution, but as an enabler of productivity, participation and dignity. This requires a shift in the EU's digital agenda—from regulating perceived harms to unlocking real value. The current policy environment, dominated by risk aversion and institutional overreach, is stifling precisely the sectors most capable of generating inclusive growth.

63 Draghi, *The Future of European Competitiveness*.

The first imperative is to reclaim competitiveness through simplicity. Europe's digital economy is constrained not by a lack of talent or capital, but by an excess of regulatory friction. From the General Data Protection Regulation to the Data Act, from the AI Act to the Digital Services Act, Brussels has produced an increasingly dense web of rules, the cumulative effect of which is to deter experimentation and favour incumbents. These rules often presume a US-style digital monopoly landscape while ignoring the fragility of European innovators. In sectors that are information technology (IT) intensive—software, platform services, AI, logistics and financial technology—regulatory uncertainty has become the single greatest barrier to growth and scale.[64]

Second, policymakers must prioritise productivity tools over digital consumption subsidies. While providing connectivity and devices remains necessary, especially for underserved areas, the greater need lies in enabling *production*: cloud services for small and medium-sized enterprises, AI for logistics and supply chains, cybersecurity for mid-sized firms, and digital twin technologies for construction and manufacturing. Funding schemes—whether from cohesion policy or Horizon Europe—must shift towards these 'enabling technologies', with a bias in favour of practical deployment over theoretical compliance.

Third, digital upskilling must become the core of European social policy. The best way to restore dignity to those at risk of being left behind is not through passive support, but through proactive inclusion in the digital economy. Vocational programmes in AI, data analysis, cloud management and automation should be available at the regional and local levels. These are not luxuries for the tech elite—they are modern extensions of the trades, necessary for maintaining a competitive social market economy.

Fourth, the EU must radically reform its digital policymaking process. Legislation should be subject to *innovation impact assessments* and *competitiveness checks*, with a presumption in favour of subsidiarity. The Commission must be held accountable for the *cumulative burden* of legislation—not just its intent. Small and medium-sized firms, particularly in construction, agriculture, retail and transportation, now operate within IT-mediated systems. When regulation chokes the IT layer, it chokes the entire economy.

Finally, digital policy must avoid paternalism. The temptation to nudge, guide or steer users towards politically approved behaviours—via algorithmic transparency mandates or content moderation laws—must be resisted. Such policies erode trust, politicise platforms and suppress innovation. Digital freedom is not a threat to cohesion; it is a precondition for a resilient, self-reliant citizenry.

In sum, a *conservative digital agenda* must champion empowerment over protection, productivity over paternalism and subsidiarity over centralisation. Digitalisation is not an entitlement—it is an opportunity. But it is one Europe is squandering under the weight of its own institutional anxiety.

64 European Round Table for Industry, *ERT 2024 Benchmarking Report* (2024), 21.

Conclusion: no app can cure discontent

Europe is not in crisis because people are destitute. It is in crisis because many feel left out—economically, socially and culturally.

Living standards have risen. Digital access has broadened. The tools of modern life—once luxuries—are now widespread. Yet a pervasive sense of unfairness remains. It is not deprivation that drives political anger, but the feeling that progress is passing some people by while others surge ahead.

This perception is shaped less by facts than by visibility. In a digital age, people are constantly exposed to curated visions of success, wealth and status. The result is a rising tide of discontent—not because lives are worse, but because they seem worse *relative* to others. Populists understand this instinctively. They do not need to invent grievances: they simply channel them.

The wrong response is to assume that discontent can be managed with subsidies, handouts or more heavily regulated digital services. Affordability matters, yes—but restoring faith in democratic institutions requires more than ensuring affordability. People need pathways to *dignity*, not just support. That means access to meaningful work, opportunities to contribute and the ability to shape their own future.

And this begins with competitiveness. Europe cannot generate good jobs or rising incomes without embracing productivity-enhancing technologies. Yet, too often, EU policy smothers innovation under well-intentioned but burdensome regulation. Nowhere is this more damaging than in IT and IT-supported sectors—which now includes almost everything.

Digitalisation is part of the answer, but only if it is free to grow. Policymakers must resist the urge to overcorrect, overprotect and over-regulate. No one builds confidence in the future by fearing it.

If we are serious about countering populism, the answer is not to redistribute disillusionment but to expand participation: not to promise everyone the same outcomes but to ensure that no one is shut out from opportunity.

That is the real promise of digitalisation—and the only platform upgrade that matters.

	Programme 1	Programme 2	Programme 3
	Restore trust through smarter, leaner regulation	**Unlock digital productivity through enterprise and competition**	**Enable self-reliance through digital skills and opportunity**
Project 1	*Digital innovation veto power.* Introduce an Innovation Impact Clause in all digital legislation: no new EU regulation may be adopted without a public declaration of its innovation cost, small and medium-sized enterprises' (SMEs') compliance load, and particularly opportunity cost. Regulators must justify interference—not innovators their existence.	*Digital tooling for SMEs.* Offer light-touch grants and tax credits for SMEs adopting market-proven digital tools—AI cloud storage, workflow automation, and e-commerce platforms—based on demand, not compliance. Avoid bespoke public platforms. Let firms choose what fits them best, with minimal paperwork and maximum freedom to grow.	*Digital guilds for the twenty-first century.* Support the creation of industry-led training consortia—'digital guilds'—focused on real-world skills such as coding, cloud deployment, cybersecurity and digital design. Run by employers and professionals, not ministries, they blend hands-on learning with civic merit.
Project 2	*Regulatory cost transparency portal.* Launch an EU-wide Regulatory Burden Dashboard that quantifies cumulative compliance costs across digital sectors—AI, eHealth, fintech and logistics. Empower entrepreneurs and citizens to challenge overregulation with evidence, not just complaints.	*Local digital advisors scheme.* Fund a competitive voucher-based programme for certified private-sector 'digital advisors' to assist micro-enterprises and tradespeople in adopting digital productivity tools. Instead of building public IT services, this model trusts market actors to deliver tailored support on the ground.	*Skills passport with market-based micro-credentials.* Launch a European Skills Wallet that recognises privately earned micro-credentials and employer-backed certifications—outside the state monopoly on diplomas. Workers can build flexible portfolios of competence, recognised across borders, sectors and platforms.

	Programme 1	Programme 2	Programme 3
	Restore trust through smarter, leaner regulation	**Unlock digital productivity through enterprise and competition**	**Enable self-reliance through digital skills and opportunity**
Project 3	*Special digital economic zones.* Allow member states and regions to opt into Regulatory Competition Zones with lighter digital rules under subsidiarity. These zones, akin to Chinese Special Economic Zones and regulatory sandboxes but with a broader scope, enable experimentation in governance—allowing best practices to emerge from the bottom up, not top down.	*Borderless eCommerce enabler.* Remove barriers to cross-border digital trade for small European sellers by streamlining value-added tax rules, logistics integration and certification processes. Return to the mission of providing and guarding the single market.	*Mid-career digital freedom track*. Introduce a liberal 'opt-in' programme for midlife career changers: 12-month freedom grants (not stipends) tied to participation in digital upskilling. These would have no mandatory curricula and no central planning—just trust in individuals to reskill when risk is shared and freedom respected.

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Europe's Economic Turnaround

Ann Mettler

For too long, Europe—and above all the EU's own political establishment—has presided over a model that has produced decades of gradual yet deepening stagnation and repeated strategic misjudgements. We have excelled at a-priori theorising and at drafting ever more ambitious frameworks of regulation and strategy, yet these grand designs have consistently failed to materialise as real economic gains. After so many accumulated errors, a genuine economic turnaround will be difficult to achieve; nevertheless, change, almost certainly of the radical sort, has become an imperative. If such a turnaround is to be possible, especially in a system that, unlike the US, cannot rely on the dynamism of a laissez-faire economy, we must break with the cycle of fickle, declaratory initiatives (e.g. the Lisbon Agenda,[65] Europe 2020[66]) that generate headlines but little lasting impact. In other words, Europe today stands between two strategic models it admires but cannot realistically emulate.

On the one hand lies China's disciplined long-horizon planning—from the 'Made in China 2025'[67] initiative to its highly coordinated Five-Year Plans—which offer coherence, direction and measurable progress. However, Europe cannot replicate this model without abandoning the democratic pluralism, institutional constraints and dispersed veto points that are intrinsic to its political identity. In short, we cannot become Beijing without ceasing to be our democratic selves. On the other hand stands the American path: expanding economic freedom, completing the single market, deepening capital markets, and creating the regulatory and fiscal room needed to attract investment and unleash entrepreneurial energy. But this approach clashes with Europe's entrenched hybrid model of social market capitalism, its redistributive commitments and the dense network of national protections that structure its political economy.

In effect, Europe is suspended between two incompatible avenues while failing to develop its own long-term, effective strategic framework. The result is a system whose hybrid nature increasingly impedes its performance. What is needed, therefore, is not imitation

65 European Parliament, *Briefing Note for the Meeting of the EMPL Committee: The Lisbon Strategy and EU Cooperation in the Field of Social Inclusion* (5 October 2009).

66 European Commission, *Europe 2020: A Strategy for Smart, Sustainable and Inclusive Growth*, Communication, COM (2010) 2020 final (3 March 2010).

67 State Council of the People's Republic of China, *Made in China* 2025 (2015).

but reinvention: a rethinking of Europe's economic model rooted in our own specificities (democratic, social, market-based and so on), yet capable of delivering strategic clarity, competitiveness and long-term prosperity. Let us now turn to the chronology of Europe's economic problems.

Europe's missed opportunities and revolutions

To begin with, if one had to identify the moment when Europe's economic problems began, it would be with the advent of the digital revolution, an epochal shift that Europe misread and thereby missed out on from the very beginning. Policymakers failed to grasp that digital technology was a general-purpose innovation destined to permeate every sector of the economy. Instead, they fixated almost exclusively on a single dimension, the now-infamous matter of data privacy, which effectively became Europe's de facto digital policy. This narrow focus generated a regulatory climate in which businesses grew hesitant to work with data at all. As a result, Europe not only forwent the digital revolution itself, but now also finds itself excluded from the AI revolution, which relies fundamentally on the aggregation and processing of such large datasets. The repercussions of this early strategic mistake are irreversible and, moreover, the spillover effects will continue to weigh on the competitiveness of the entire European economy. There is no digital economy; the economy is digital—a lesson the Union has learned far too late.

In second place, regarding energy and clean tech, Europe has fared little better. After an encouraging start with wind, solar and pioneering tools such as the Emissions Trading System, the EU has now been overtaken by China in both clean-tech deployment and manufacturing. What remains is a policy mix that has made energy both scarce and expensive. As Draghi notes, electricity costs are two to three times higher than in the US, and natural gas costs nearly four times higher, an obviously unbearable burden for energy-intensive industries.[68] Meanwhile, Europe's dependence on fossil fuels remains acute: it imports 98% of its oil, 90% of its natural gas and 54% of its total energy needs, a higher share than 20 years ago, despite the Green Deal.[69] The irony is painful and stark, for we are simultaneously exposed to fossil-fuel vulnerabilities by depending on countries such as the US for imports and increasingly reliant on China for clean technologies. In short, energy is prosperity; its shortage is declining prosperity. This fundamental reality sits at the heart of many of Europe's current crises, from de-industrialisation and the cost-of-living crunch to rising populism and the erosion of sovereignty. If energy is the lifeblood of any economy, then by having mismanaged it so severely, without even meaningfully advancing our climate objectives, we have placed Europe's prosperity in serious jeopardy.

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68 European Commission, *The Future of European Competitiveness: Part A — A Competitiveness Strategy for Europe* (September 2024); European Commission, *The Future of European Competitiveness: Part B — In-Depth Analysis and Recommendations* (September 2024).

69 *Carbon Brief*, 'Q&A: What the Draghi Report Says About EU Climate Action and Energy', 11 September 2024.

The result is that European firms now carry some of the highest burdens in the world: taxes, wages and non-wage labour costs, energy prices, restructuring obligations and compliance requirements. We have effectively priced ourselves out of international markets, and increasingly even out of our own. This has produced a strange asymmetry, where the EU puts forth an interventionist, restrictive approach towards its own companies, paired with an almost shockingly liberal stance towards their international competitors, especially Chinese firms. Lacking a trade agreement, China enjoys unfettered access to European markets, including public procurement. And while our state-aid rules constrain support for European industry, heavily subsidised Chinese companies continue to compete freely on our home turf with not only our blessing but our support.

This catastrophic combination of hyper-regulation for domestic firms and laissez-faire openness towards foreign competitors is not only misguided and self-defeating but strategically dangerous. The global race for technological supremacy is now unfolding under conditions unprecedented in modern history. For the first time, the technological frontier is led by an autocratic power entirely outside our sphere of influence. As proof, the Australian Strategic Policy Institute's Critical Technology Tracker shows that, while in the year 2000 China led in just 3 of the 64 critical technologies monitored, between 2019 and 2023, it managed to lead in 57 of them. Europe, by contrast and as a consequence, is no longer seriously in the game. Similar things can be said when it comes to robotics and automation.[70]

A broken policymaking machine

It is hard to imagine any genuine economic revival without first taking an honest look into the engine room of European policymaking. We have never carried out a serious assessment of the mistakes that have brought us here; instead, we respond with yet another wave of new initiatives that are unlikely to deliver a real turnaround. One year after Draghi's report, nothing has become easier, cheaper or faster; however, much activism has been pushed into the world of European policy. What is needed now is not another laundry list of well-known actions, such as completing a Savings and Investment Union, but a reassessment of our very modus operandi in policymaking itself. A meta-analysis of European policy, if you will.

From here, it seems obvious that the next crucial, positive step is to establish a set of undeniable and inviolable foundational principles to which all European policymaking must adhere. First, we must treat our companies as well as, if not better than, their international, non-European competitors. Second, Europe must design policies that span the entire innovation cycle—not only early stage research and development but also

70 Australian Strategic Policy Institute, *ASPI's Two-Decade Critical Technology Tracker: The Rewards of Long-Term Research Investment* (30 August 2024).

large-scale deployment and commercialisation. This has long been Europe's weak spot: it has not produced a single tech company listed in Europe with a market capitalisation of above €100 billion in over half a century. In short, Europe must master the three Ds: discovery, deployment and diffusion. In third place, we must carry out rigorous, early stage cost–benefit analyses. More regulation is not synonymous with better outcomes; it often improves nothing. In fact, excessive rules risk pushing Europe out of the global race before it has even re-entered it, which is precisely the danger posed by the AI Act.[71] For too long, regulation has functioned as a kind of occupational therapy for those parts of the public sector insulated from economic reality. Such a passive and stifling culture must end. Instead, only regulatory measures that are strictly necessary should be advanced. In the years ahead, until Europe regains economic weight and restores confidence in its capacity to govern effectively, less will indeed be more.

Beyond these policy principles, there must also be a fundamental recalibration of the relationship between the public and the private sectors, specifically aimed at restoring a sophisticated, serious and synergistic balance. For too long, major regulatory powers have been exercised by officials who often have little or no practical experience of the industries they oversee. We have allowed people with no background in the private sector—and no sense of its pressures, risk or global competitive realities—to sit in the driver's seat of Europe's economic strategy. Unsurprisingly, trust has eroded. It is difficult to find a business leader who enjoys coming to Brussels or leaves with the impression that Europe understands what it is doing and, as importantly, must be done. Treating business as just another stakeholder—on a par with unions, consumer associations or think tanks—has been a serious mistake. Firms operating in global markets possess insights we cannot afford to ignore: they warned early on about China's rise, about strategic dependencies, about over-regulation and uncompetitive cost structures. Europe now needs a genuine rebalancing in which the private sector, especially globally competitive companies, is integrated meaningfully into policymaking, not through ritualised consultations but as an essential partner in shaping strategy. A related priority is the integration of far more firm-level data into public policy, rather than relying almost exclusively on macro indicators. The inability of European firms to scale is not limited to start-ups; it is stark even among large companies. At the turn of the century, 41 of the world's most significant firms were European. Today, that number has fallen to just 18.[72] Anywhere else, such a collapse in corporate weight would trigger a political alarm. In Europe, it has largely passed unnoticed.

Europe's recurring difficulties become clear once one looks across its major technological transitions: digital, green and now defence. Each time, the same structural weaknesses

71 European Parliament and Council Regulation (EU) no. 2024/1689 laying down harmonised rules on artificial intelligence and amending Regulations (EC) no. 300/2008, (EU) no. 167/2013, (EU) no. 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act), OJ L2024/1689 (12 July 2024).

72 *Economist*, 'How America and China Dominate Global Business', 4 June 2021.

appear: insufficient scale, weak business cases, slow deployment compared to global competitors, limited commercialisation, missing demand for new technologies, and a chronic lack of policy integration across trade, competition, state aid, external relations and security. Yet these common, cross-cutting problems are almost never examined together or over time. Instead, Brussels continues to produce isolated strategies, drafted in separate directorate-general silos, which inevitably fail to add up. What is needed is a new approach: a Policy Design Board. Before drafting any regulation, Europe must first clarify the outcome it seeks to achieve—say, making Europe a leader in geothermal energy—and then assess the starting point: our strengths and weaknesses, the size and trajectory of global markets, the position of competitors and the strategic spillovers for sovereignty. Only then should policymakers ask the essential questions: can public procurement or existing EU instruments (the Innovation Fund,[73] InvestEU,[74] a future Competitiveness Fund) generate early demand and scale? What expertise is missing from the Commission, and how can it be brought in? Are there sufficiently advanced European firms to consult, and how can regulation be made genuinely supportive of their growth? If not all member states are interested, should a smaller coalition of the willing move first and draw in others over time? A meta-analysis, followed by concrete action, that grounds the policymaking process in clear objectives, real capabilities and genuine strategic coherence is the necessary condition for any credible European economic revival.

Conclusion

In conclusion, a bespoke, interdisciplinary and intellectually honest approach of this kind would deliver far better results than the current churn of acts, coalitions and alliances that enter with great fanfare only to quickly disappear from view without leaving any meaningful trace in policy and politics (when was the last time anyone mentioned the Net Zero Industry Act?). Europe does not need more headlines; it needs durable, predictable frameworks that prioritise economic performance, European companies and global competitiveness. Given the growing loss of trust, both at home and abroad, Europe cannot afford incrementalism. Fiddling at the margins will only deepen our economic malaise and further erode our strategic weight. What is required is a wholesale review of how we design policy itself, because it is now clear that the system we have simply does not work. It is in this spirit that these remarks are offered: a call for nothing less than a new operating model for European policymaking.

73 European Commission, 'What Is the Innovation Fund?'.

74 European Commission, 'InvestEU'.

	Programme 1	Programme 2	Programme 3
	Re-industrialising the continent	**Financing our ambitions**	**A more efficient regulatory framework**
Project 1	*A geo-industrial deal*. Develop a stronger external industrial and economic policy, assisting European companies in third markets by earmarking external funding for European companies and sectors while still advancing partner countries' goals.	*Finance*. Make the Savings and Investment Union the top economic priority. Address Europe's scale-up challenge with specific vehicles to support the growth phase (e.g. a ScaleUp Europe Fund) and scout for the best companies. Design policy that eases 'exits' in Europe, both through mergers and acquisitions and initial public offerings.	*Policy planning*. Establish a cross-departmental, interdisciplinary Policy Design Board before any regulatory action is taken to assess the situation, articulate the goals, set key performance indicators and design a plan of execution. Map Europe's comparative strengths and weaknesses, policy levers and incentives to achieve the desired goal (and not only regulation), including ecosystem building and coalitions of the willing.
Project 2	*Industrial policy*. Make European preference ('Made in Europe') part of EU industrial policy to generate demand and sustain Europe's industrial fabric. Initiate a foresight review about the consequences of allowing Chinese greenfield investment in Europe. Encourage greater exchanges between industry, start-ups/scale-ups, finance and policy. Address the high cost of energy by incentivising a shift away from fossil energy through energy efficiency, electrification and new technologies, ideally Made in Europe.	*Investment*. Initiate an external, independent review of InvestEU. Zero in on counter- and first-loss guarantees as fiscally attractive and investment-friendly instruments. Companies should engage the public sector in 'investment deals', demanding accommodating conditions in return for making investments in Europe.	*Less regulation*. Initiate an external, independent review to assess the impact of regulation in the past two decades on growth, employment, innovation, technology leadership and decarbonisation. Review application of the Corporate Sustainability Due Diligence Directive for Europe's largest companies and assess if this regulation will disadvantage them vis-à-vis international competitors and how suited it is to bringing about the desired goals. Articulate the consequences if the directive does not achieve the desired goal and instead inflicts serious harm on European industry. Postpone the introduction of the AI Act for at least two years to allow European firms to gain a footing in the technology and not be disadvantaged from the get-go.

	Programme 1	Programme 2	Programme 3
	Re-industrialising the continent	**Financing our ambitions**	**A more efficient regulatory framework**
Project 3	*Manufacturing*. Sustain and upgrade the European industrial base, providing Europe with more sophisticated planning to bolster hardware systems that are software designed and energy efficient and to blend industry and services more seamlessly. Map supply chain vulnerabilities for every sizeable industry and draw up diversification plans. Link industrial policy more closely with research, economic or fiscal policy. Do not submit industrial data to General Data Protection Regulation–like constraints and do not force firms to share their proprietary data with competitors or put it in the public domain. Create an enabling ecosystem for industrial AI, helping homegrown companies to thrive at home and abroad.		*Better regulation*. Put the 'Innovation Principle' on the same legal footing as the 'Precautionary Principle': design and deploy all initiatives with the entire innovation cycle in mind. Make better use of the EU's foreign subsidies regulation, review the impact of the Important Projects of Common European Interest, and review EU competition policy so that it can help our own companies grow and prosper in the global economy. Design a new instrument to allow subsidies for emerging technologies. Establish (with a regulation) a 28th Regime that all European companies can opt into. Focus on streamlining, easing processes and cutting complexities.

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