

# Re-energising Europe / A package deal for the EU27

After years of multiple crises, the EU27 should re-energise the European project. The EU27 should have the political will and courage to agree on an ambitious but realistic win-win package deal to overcome deadlocks and counter the danger of a more regressive, nationalistic, closed, illiberal and authoritarian Europe, the greatest challenge we are currently facing.

## RESILIENCE AND A NEW MOMENTUM

The EU27 must exploit the current window of opportunity, which is neither very wide nor expected to remain open for very long.

Unifying effect of Brexit

Unifying effect of the election of Donald Trump

Return to economic growth

2017: not the political 'annus horribilis' that many feared it would be

### THE BIGGEST CHALLENGE

The danger of a more regressive, nationalistic, closed, illiberal, and authoritarian Europe is very profound.

#### NATURE OF THE BEAST

- Growing polarisation of societies
- People's genuine grievances
- Anti-establishment resentments
- Discontent with representative democracy
- New information channels in closed echo-chambers

#### "WINNERS & LOSERS" OF CHANGE

- Socio-economic insecurities and rising inequalities
- Cultural and societal insecurities
- Generational insecurities
- Technological insecurities
- Security insecurities

#### EUROPE'S PERCEIVED VULNERABILITIES

- The EU as an 'agent of unfettered globalisation'
- The EU as a powerless and 'inconsequential' construction
- The EU as an undemocratic, distant, and 'elitist' project
- The EU is losing its moral high ground

### THE ECONOMIC AND SOCIAL DIMENSION

The bargain needs to strike a fair balance between the 'responsibility and competitiveness' camp and the 'solidarity and caring' camp while preserving the principle of unity among the EU27 and the members of the euro area.

#### MORE SOLIDARITY BETWEEN THE MEMBER STATES

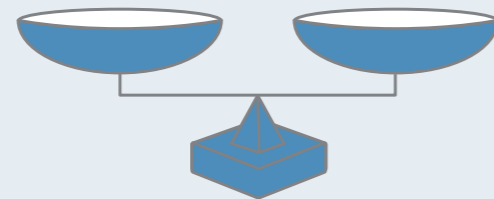
- Complete the Banking Union through the gradual introduction of a European Deposit Insurance Scheme
- Reduce the burden of non-performing loans on banks
- Enable the European Stability Mechanism to function as a credible backstop to the Single Resolution Fund
- Establish a crisis shock-absorption mechanism through complementary European Unemployment Reinsurance Scheme and/or 'rainy day' fund
- Exclude some public investment from a country's deficit calculation
- Stimulate investment and demand in EU countries with excessive surpluses
- Support citizens disproportionately affected by major structural reforms
- Intensify the fight against tax evasion and avoidance
- Safeguard the level-playing field within the Single Market
- Introduce concrete measures to implement the European Pillar of Social Rights

#### FEWER RISKS AND MORE DISCIPLINE ACROSS THE UNION

- Speed up the Capital Markets Union
- Enforce the no-bailout rule through the introduction of a credible debt restructuring mechanism
- Reduce regulatory uncertainties and hurdles undermining cross-border investment
- Enforce the Fiscal Compact and the Stability and Growth Pact rules and obligations
- Establish contractual Reform and Investment Agreements
- Reinforce the links between national reforms and EU funding
- Scale up technical assistance programmes
- Complete the Single Market to enhance Europe's global competitiveness
- Speed up work on more comprehensive free trade agreements

#### UNITY BETWEEN EURO & NON-EURO AREAS

- Avoid any kind of discrimination based on the euro
- Open the new forms of cooperation among euro-area members to non-euro countries
- Do not undermine the role of existing supranational institutions by creating parallel structures
- Inform countries outside the euro area about major euro-area developments
- Do not create barriers to future membership of the euro area



### THE MIGRATION DIMENSION

The bargain needs to reflect security and solidarity concerns to enhance the notion of a protective Europe while avoiding the pitfalls of a 'fortress' Europe.

#### MEASURES TO COUNTER INSECURITY

- Increase and accelerate returns
- Speed up national asylum procedures
- Establish asylum processing centres in major transit countries to reduce irregular flows

#### SOLIDARITY BETWEEN MEMBER STATES

- Create a permanent relocation mechanism
- Make asylum recognition rates converge across member states
- Incentivise municipalities to welcome refugees or asylum-seekers
- Establish asylum-seeker reception centres in Central and Eastern European countries
- Create an asylum-seeker 'exchange mechanism'
- Better inform refugees about welcome conditions in EU member states

#### SOLIDARITY WITH COUNTRIES OF ORIGIN & TRANSIT

- Boost (financial) support to Africa
- Establish a permanent European resettlement framework
- Create legal avenues of (economic) migration
- Increase financial support to improve the conditions for migrants in Libya
- Reform EU policies that negatively impact countries of origin and transit

### THE SECURITY DIMENSION

External and internal security cooperation could help to coalesce an overall bargain between the EU27.



#### DEFENCE COOPERATION

- Establish an ambitious and inclusive PESCO
- Support defence cooperation with adequate financial instruments
- Coordinate the review of national defence planning
- Reinforce the rapid response capacity
- Strengthen the military operation planning capacity
- Revise the rules on the common funding of EU military operations

#### FIGHT AGAINST TERRORISM

- Foster a culture of cross-border cooperation between national intelligence agencies and law enforcement authorities
- Boost efforts to prevent and counter radicalisation within Europe
- Tackle the implications of the blurring boundaries between internal security and external defence

## COUNTERING AUTHORITARIAN POPULISM

To counter authoritarian populism, four principles must be borne in mind:

### DELIVER CREDIBLE RESULTS AND STRENGTHEN THE EU AS A 'DEMOCRATIC WATCHDOG'

- Address the multiple insecurities fuelling authoritarian populism
- Avoid raising expectations the Union cannot live up to
- End the Brussels blame game that plays into the hands of the populists
- Demonstrate that the EU is not an 'agent of unfettered globalisation'
- Enhance the EU's ability to act as a 'democratic watchdog'

### CONVINCE CITIZENS WITHOUT IMITATING AUTHORITARIAN POPULISTS

- Do not copy the political rhetoric and prescriptions of authoritarian populists
- Present a persuasive and positive counter-narrative
- Demonstrate why European cooperation is a 'win-win' from a national perspective
- Promote the ability of citizens to 'experience Europe'

### ACKNOWLEDGE CITIZENS' CONCERNS AND BOOST THEIR DEMOCRATIC PARTICIPATION

- Take citizens' hopes and fears seriously rather than dismissing them as irrational, exaggerated or even irrelevant
- Listen also to the concerns of people from other EU countries
- Boost citizens' involvement in EU decision-making

### REMINDE PEOPLE OF THE TRUE NATURE AND OBJECTIVES OF AUTHORITARIAN POPULISTS

- Authoritarian populists seek to divide and polarise our societies
- Authoritarian populists seek to undermine the basic pillars of liberal democracies
- Proposals made by authoritarian populists are either unrealistic or economically ludicrous

### COLLATERAL DAMAGE

Widespread frustration with the EU's inability to tackle the poly-crisis

Rising social inequalities and political divides within member states

Widening divergence in real (economic gap) and thinking terms (differences in how people see the situation)

Fragmentation and distrust among member states

Inability to fairly balance national interests: a 'crisis of leadership'

Damage to the EU's external reputation

European cooperation no longer a win-win exercise

### AN UNRESOLVED POLY-CRISIS

The poly-crisis of the past decade has not been fully overcome. The Union has been remarkably resilient but it is not yet 'storm-proof'. After years of pain, the EU27 must also repair the collateral damage caused by the poly-crisis.

The external and internal security threats

The migration and refugee crisis

The financial, economic and euro area crisis

