

CHALLENGE EUROPE

Yes, we should!

**EU priorities
for 2019-2024**

OUR
FUTURE

IN
YOUR
HANDS

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1. Yes, we should!

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WHY SHOULD WE?

The European Union (EU) is a great success story. For more than six decades, the European project has generated unprecedented levels of freedom, peace, prosperity, openness, and stability across the continent. European integration has shown that we wield far greater influence if we cooperate economically and politically. But at a time when working together is increasingly necessary, trust in the wisdom of cooperation is challenged.

There is nothing inevitable about the European project. Today, the hard-won achievements of European integration are taken for granted or are openly questioned, while the wider international conditions that benefitted the Union's development are fraying. Internal and external centrifugal forces are putting European integration

under pressure. This is why the EU cannot afford to stall – muddling through clearly entails the risk of losing relevance in the global context and in the eyes of citizens.

HOW SHOULD WE DO IT?

In the Union's next politico-institutional cycle, Europeans should choose cooperation over political myopia, partnership over isolation, and action over apathy. We should build on our past accomplishments and defend the pluralist, open, and liberal principles and values on which the EU and its member states are founded. Yes, we should roll up our sleeves and tackle the immediate issues at hand, while not losing sight of the more fundamental economic, political, and societal challenges we are facing. Action in the short and medium term is necessary to create the indispensable conditions for

devising more fundamental responses to structural problems in the long run.

The outgoing EU leadership has fought hard to limit the damage inflicted by the poly-crisis over the last decade, seeking to offer shared solutions to common problems under very difficult circumstances. However, our European project remains a work-in-progress, and we should continue to work on it together. Compared to five years ago, the awareness of Europe's challenges is much more acute and widespread. But while many 'Sunday speeches' call for 'more Europe', the political will and courage to move beyond the current state of affairs is still insufficient. So far, what has been done is barely enough, barely on time.

The European elections will likely confirm the mismatch between the need for Europeans to re-unite and re-energise the European project, on the one hand, and the increasing polarisation within our societies, as well as the lack of trust and increased fragmentation among member states, on the other. Therefore, 'business as usual' will not be enough in the upcoming politico-institutional cycle. The simplistic recipes advocated by 'anti-forces', who oppose European integration and follow a 'my-country-comes-first' attitude, are not helpful either. History has taught us that nationalism leads to catastrophe.

The next EU leadership should assert the principle of European responsibility and confront national leaders with their obligations. In the words of Herman Van Rompuy, the EU is "the sum of its member states". From this perspective, the Union cannot succeed if pro-European leaders are not ready to take ownership of European integration. They should aim to bring added value where the EU can make a difference without creating false expectations, which the Union will not be able to match given its current limitations in terms of power, competences, and financial means. The idea of an EU that is big on big things, and small

on small things remains valid. The problem is that the Union needs to be much bigger on a few very big things.

WHAT SHOULD WE DO?

As an essential precondition for its survival, the Union must be equipped to weather future storms that are bound to come – even though we do not know when and how hard they will hit us. Preparing the EU for future turbulences will in the next five years require a more fundamental deepening of the Economic and Monetary Union to guarantee the robustness of the single currency. There is also a need to address the lack of solidarity in the field of migration and to fully restore and safeguard the freedom of movement in the Schengen area. These essential tasks remain on the EU's to-do-list, even if they are no longer making headlines.

In addition, the member states should jointly work to address key priority areas where short-term challenges reflect long-term, structural trends, as well as key concerns for the citizens. These include: safeguarding liberal democratic values by strengthening the Union's ability to respond to national governments backsliding on the rule of law and breaching fundamental democratic rights and freedoms; creating a more social Europe with concrete and visible initiatives that address people's grievances, such as fair taxation and efforts aiming to enhance Europe's social fabric; addressing climate change to ensure that the EU becomes a climate neutral economy by 2050; investing in innovation, to sustain technological prowess as a source of wealth and jobs for all citizens; and guaranteeing security, not least by fostering defence cooperation and coping with the challenges that affect Europe's resilience by adopting a firm, 'rules-first' approach on the international stage.

Of course, in none of these domains, the EU can deliver alone. But in all of them, the Union can be both a protective force and a

strategic enabler. It can help its members to succeed together where they would fail separately.

All this is necessary – but it will not suffice. Today might not be the right moment for momentous leaps forward, given the volatility and polarisation of domestic politics in most EU countries and the level of fragmentation and distrust currently dividing Europeans. However, sooner rather than later, having received a much-needed boost from addressing the immediate key concerns, we will have to be ready to respond more fundamentally to the underlying political, socio-economic, and cultural insecurities facing Europe. To do more than just survive, we will, one day, have to radically re-think the way we organise our societies to guarantee the resilience of Europe’s political, economic, and social models in the changed circumstances of our modern world. The EU and its member states cannot escape from the need to adapt to the massive forces of

technological, economic, and (geo-)political transformation overwhelming us.

WHO SHOULD DO IT?

To create the necessary conditions to do so, it is high time that we start thinking about the EU not as a remote, top-down entity that only dictates and regulates, but as an inclusive project – a story we have all written and are all a part of. The EU is not just a project – it is our project. Every member state, region, town, and citizen is responsible for our Union’s destiny. The EU institutions, national governments, and policymakers at all levels have to show political courage and should take joint responsibility for our shared future. The Union cannot evolve without us – its constituent parts – cooperating in the name of our common interests in a world in which we are only as strong as we are united. Whether we like it or not, we are all in the same boat. So, yes, we should!

Recommendations for the 2019-2024 politico-institutional cycle

This issue of Challenge Europe delivers an alternative to those who cynically claim that European cooperation no longer works and should be abandoned. It argues instead that integration *can* still work, and that it is still the best answer to the many problems we are now facing. Each of the 24 contributions presents a set of concrete recommendations for the next EU leadership, both in terms of key priority areas – sustainable prosperity, values, migration and Schengen, and Europe’s place in the world – and on how the EU can use the instruments it already has at its disposal to act in a more effective, transparent, and decisive way.

WHAT TO DO:

SUSTAINABLE PROSPERITY

In ‘Deepening the EMU as a win-win: How to keep the reform debate alive’ (chapter 2), **George Pagoulatos** argues that despite some institutional tinkering since 2010, the eurozone remains underequipped to face the next big crisis. That is why sustaining the process towards a deeper Economic and Monetary Union (EMU), through greater financial, fiscal, economic, political, and social integration, should be a strategic priority for the EU as it moves into its next politico-institutional cycle. However, the

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next window of opportunity for reform might not open before well into 2020. Nonetheless, or exactly because of that, it is important to keep the quest for ambitious EMU reform on the agenda, until a next opportunity arises.

The next three papers all call for the EU to reassess its priorities in the face of climate change, the loss of biodiversity and the degrading of ecosystems, and adopt sustainability as a guiding principle for all its policies. In their chapter ‘Prioritising circular economy to boost European competitiveness’ (chapter 3), **Janez Potočnik** and **Julia Okatz** recognise that growth based on natural resources has improved living standards around the world and enabled many of the most successful European industries. They argue, however, that this model has reached its limits. To further increase prosperity in Europe and beyond, we need to create a new kind of economy according to the principles of a new paradigm that decouples growth from resource use and impacts. The authors set out why and how circular economy should be made a priority in the EU’s next politico-institutional cycle of 2019-2024. The rationale is obvious: the transition to a circular economy carries enormous, underdeveloped, possibilities. It can significantly boost economic growth, while reducing environmental and health impacts. This line of reasoning is also picked up by **Martin Porter** in his contribution ‘Making climate neutrality the galvanising heart of a new economic agenda for Europe’ (chapter 4). He proposes to make the vision of a climate neutral Europe by the mid-century the centre-piece of the Union’s new policy agenda. Tackling the sustainability crisis could be the way to reconnect the EU’s core principles and purpose to a genuinely popular idea, one that is rooted in economic innovation and modernisation as much as it is in shared values and common interests. **Gunter Pauli**, in ‘Framework for a new European economy’ (chapter 5) calls for a new approach to create a sustainable, competitive European economy. In the next politico-institutional cycle, the EU institutions should collaborate and take the lead in developing a framework that will allow businesses and entrepreneurs to make the switch from traditional modes of economic development, based on the endless quest for cost reduction and ever-higher economies of scale, to a more sustainable, environmentally-friendly system.

In ‘Give EU citizens what they want: The case for Social Europe and fiscal justice’ (chapter 6), **Claire Dhéret** argues that policy answers to today’s social challenges have, so far, been too weak, have lacked credibility or have favoured a retreat into nationalism. That is why robust solutions to these trends must be central in the EU’s new upcoming politico-institutional cycle and a priority in the future design of ‘Social Europe’. Building a more social Europe, based on clear, concrete and visible initiatives, can address some of

people's most fundamental grievances while breathing new life into the European project, she argues. This will not solve all the economic and social challenges of the 21st century; that will require a profound change of our growth model and a reinvention of our social and institutional frameworks. But it will make Europe stronger in the face of the ongoing transition, better prepared for upcoming changes, and it will bring more stability and enhance trust in the future.

VALUES

Christian Calliess reminds us in 'Restoring credibility and trust by enforcing the rule of law' (chapter 7) that too often, European policies have failed to defend the rule of law in the member states. Some national governments have been successful in putting political pressure on institutions, others have been incapable, or indeed unwilling, to implement agreed rules defining European goods and interests. Consequently, the EU has lost credibility among its citizens and the trust of its member states. Therefore, he argues, in the next politico-institutional cycle, the EU has to find a convincing and efficient answer to the ongoing pressure on the rule of law in individual member states. To that end, the Union should prevent rule of law backsliding in individual EU countries by making full use of its available legal instruments and by enhancing the implementation of European law through the introduction of a new concept of cooperative enforcement. The new EU leadership should push in this direction if it wants to regain trust and credibility with regard to the defence of European values in the eyes of its citizens.

Stefan Heumann's contribution 'Protecting democracy in the EU: Tackling the disinformation problem' (chapter 8) makes the argument that the core of our liberal democracy – the competition for political power through elections – can only work if facts about the candidates and their

political programmes are not distorted or misrepresented. This is why disinformation campaigns – the dissemination of false information with the intention to mislead – are such an essential threat to our liberal democracies. To craft effective policy responses, we need a much more comprehensive approach at the EU level than the current focus on identifying and countering foreign, and particularly Russian, disinformation within the context of the European External Action Service (EEAS). Instead, he proposes to develop and implement a 'Disinformation Index' to measure member states' resilience against disinformation, to hold political parties and campaigns accountable and to create clear rules for social media platforms.

MIGRATION AND SCHENGEN

In the context of the EU's current migration policy and the state of Schengen, **Marie De Somer** dedicates her contribution to 'Safeguarding Schengen: The next European leadership should return to fact-based policies' (chapter 9). She argues that as the past three years have shown, buying time, hoping for the dust to settle or the political pressure from the (far-)right to ease is not a viable strategy for securing continued free movement with respect to Schengen. If the next EU leadership fails to bring Schengen back to its normal, that is, pre-2015 state of affairs, the long-term consequences will be grave. To do so, EU leaders must counter the distorted discourses that currently surround the Union's valued free movement acquis. They need to lift border checks at once and end the spill-over of negative, discursive dynamics in EU affairs.

The EU's migration policy is also at the centre of **Evangelia (Lilian) Tsourdi's** contribution 'Solidarity in EU asylum policy: From an emergency-driven approach to the fair sharing of responsibility' (chapter 10). Here she states that the absence of solidarity and fair sharing in the legislative design and

implementation of the EU's asylum policy is glaringly salient. This piece argues that rather than a refugee crisis (i.e. a perceived fundamental lack of capacity to deal with a certain numbers of protection seekers) we are actually dealing with a governance crisis, one that has laid bare the inadequacies of the EU asylum policy. Tsourdi explores the scope and impact of the legal principle of solidarity and fair sharing of responsibility in EU asylum law; she critically analyses the Union's efforts to implement solidarity; and reflects on meaningful ways forward towards realising the fair sharing of responsibility. The next politico-institutional cycle needs to result in a redesign of the EU asylum policy, which embeds solidarity and fair sharing of responsibility structurally, rather than linking it with the notion of emergency, she demands.

EUROPE AND THE WORLD

With regards to Europe's role in the world, **Giovanni Grevi**, in his contribution 'Rules first: The way forward for 'shaping power' Europe' (chapter 11) argues that over the next five years, the EU should adopt a 'rules first' strategic approach to frame and guide Europe's projection on the international stage. This approach should harness the EU's considerable rule-making power to both promote its interests and values and support multilateralism and partnerships on the global stage. The EU has long aimed to advance international cooperation. This time, however, it is different. Recent developments point to a much more challenging strategic context for 'shaping power' Europe and call for a new level of commitment, he states.

In 'European security and defence: A year of opportunity and risk' (chapter 12), **Jamie Shea** predicts that at the beginning of a new politico-institutional cycle, the EU and its member states will have to show their determination to assume more responsibility as an international security provider.

Europeans will have to prove their readiness to produce new initiatives within the North Atlantic Treaty Organization (NATO) and avoid a renationalisation and regionalisation of Europe's security, while keeping strong links with the United Kingdom after Brexit.

Corina Stratulat, Marko Kmezić, and Srdjan Majstorović argue in 'The European Union and the Balkans: In the same boat' (chapter 13) that while for three decades the EU has been preoccupied with how to transform its vicinity, the main concern today is how the West itself is being transformed by modern-day challenges: globalisation, aging societies, migration, and so on. These seem to throw the Union's political, economic, and social model ever more into question. The way forward, however, is not to quarantine the 'patient' behind hard borders. Instead of retreating into navel-gazing, the authors call for the EU to strengthen and diversify the ways in which it reaches out to its allies in the Balkans, who, in any case, share the same problems and interests.

With regard to the EU's policy towards Eastern Europe, **Dimitar Bechev's** contribution 'EU and Eastern Europe: The case for continued engagement' (chapter 14) states that a decade ago, the EU went on a mission to change Eastern Europe in its own image. However, it is on the defensive now. The Russian challenge and the ongoing war in Ukraine shifted the EU's focus from economic integration to crisis management. Dealing with an assertive Russia overshadows all other objectives, he argues. While the Union has not given up on its role as a champion of reforms in the eastern neighbourhood, its overriding concern is the mounting instability at its doorstep. The challenge the EU faces vis-à-vis both Russia and the Eastern neighbours is striking the right balance between engagement, the assertion of European interests and values and, in the case of Russia, containment.

HOW TO DO IT:

INSTITUTIONS

Poul Skytte Christoffersen makes the case that now, ten years after the entry into force of the Lisbon Treaty, is an appropriate time to take stock of the institutional experience of the past decade and make some relevant adjustments. In ‘The role of the (European) Council: Practical improvements in volatile times’ (chapter 15) he assesses the role of these institutions and reflects on possible adjustments to the way the two institutions work and interact with each other and with other EU institutions. Since treaty change is unlikely to happen in the foreseeable future, he presents practical improvements for the upcoming period to make the work of the European Council and the Council more effective.

In ‘The European Commission: The need for a clearer set-up’, **Paul Ivan** and **Fabian Zuleeg** (chapter 16) argue that the next European Commission should improve on the innovations introduced by the Juncker Commission by turning the Commission College into a more hierarchical structure, with powerful vice-presidents coordinating small teams of commissioners aiming to streamline work and ensure policy coherence. In the longer-term, parts of the Commission’s policy enforcement role, for example in competition policy, should be transferred to independent agencies.

INSTRUMENTS

Annika Hedberg states in her contribution ‘The EU budget – including the CAP – should be used to finance the Union’s priorities’ (chapter 17) that in its current form, the MFF proposal suggests that the EU’s priorities lie in the past rather than in the future. While keeping old structures, such as the Common Agricultural Policy (CAP), on life support, it underperforms when it comes to addressing today’s pressing

challenges. It also fails to devote enough resources to people’s top concerns today. As the European Commission’s proposal for the new MFF is currently under discussion with the European Parliament and the member states, it is still possible for the next EU leadership to ensure that this time around the Union will put its money where its mouth is. She identifies a number of concrete issues where changes in the EU’s budget can enhance the Union’s performance in regard to those pressing challenges.

In ‘A nimble and responsive EU? Predicting unpredictability: A new approach to EU policymaking’ (chapter 18), **Fabian Zuleeg** and **Marta Pilati** argue that today, as the global environment becomes more complex and rapidly changing, the EU needs more flexible policymaking so that it can effectively respond and adapt to unexpected events. A change of mind-set is required to move away from the existing framework, which is too rigid and often ineffective.

DIFFERENTIATED INTEGRATION

Julian Rappold recognises in ‘Handle with care: The potentials and limits of differentiated integration’ (chapter 19) that differentiation has been and will continue to be an integral feature of European integration – although it is still unclear in which areas, how and to what extent it will be applied in practice in the years to come. Given the many internal and external challenges the EU is facing and the increased heterogeneity among member states, the number of flexible forms of cooperation will likely further increase in the next politico-institutional cycle (2019-2024) as it offers a pragmatic and functional way to maintain the Union’s capacity to act. However, differentiated integration is not a panacea to cure the EU’s internal divisions. It should not lead to a closed ‘core Europe’ and rather remain a second-best option in order not to jeopardise the Union’s political, legal and institutional cohesion, he argues.

In ‘The never-ending Brexit?’ (chapter 20) **Larissa Brunner** and **Fabian Zuleeg** dare to look into the future and predict what it might hold for the UK-EU relationship. They argue that, even after the United Kingdom’s (UK) exit from the EU, Brexit will not disappear from the Union’s agenda – if anything, it will become even more important. The EU institutions and member states will not only have to deal with immediate day-to-day issues such as the EU-UK trade negotiations but also with more strategic questions on the future relationship between the EU and the UK and the broader implications of the divorce for the Union’s role in the world and its own future architecture.

FUTURE OF EUROPE

Corina Stratulat and **Paul Butcher** explain in ‘The European Citizens’ Consultations: Will the member states make them count?’ (chapter 21) that the ECCs might have emerged in response to the EU’s long-standing need to fix its growing problem of democratic legitimacy, but it was the push that the French President Emmanuel Macron gave to the idea of organising citizen consultations across the EU that turned the odds in favour of this new, large-scale experiment in European democratic reform. Whatever helped to make the ECCs a reality in 2018, the burning question as the process draws to an end in May 2019 is whether the member states will now make it count. To do so, they should explicitly link their discussions about the EU’s next policy agenda and priorities with the results of the consultations in the run-up to the European Parliament elections, they argue.

In a call for a federal Europe, **Andrew Duff’s** contribution ‘The politics of ever closer Union’ (chapter 22) argues that in its current state, the EU is too weak to do what is expected of it. The Union faces systemic challenges demanding sustained structural responses from stable, strong government. He thus argues that the EU should be granted sufficient centralised powers to be able to act effectively

in the many critical situations in which it finds itself while endowing the governance of the European Union with credible and democratic leadership.

Janis A. Emmanouilidis, in ‘Re-unite EUrope: A shared Leitmotiv for the next EU leadership’ (chapter 23), analyses that the EU’s record over the past decade is somewhat mixed and that it is highly difficult to predict its future path given the many uncertainties inside and outside Europe. One thing that is certain is that the Union and its members will face two fundamental, structural challenges in the coming years: a high degree of fragmentation between countries and a high level of polarisation within national societies. To counter these challenges, which will strongly affect the ability of EU institutions and member states to deal with future internal as well as external turbulences, he argues that the Union’s new leadership should follow a shared Leitmotiv aiming to help Re-unite EUrope at both the European and national level.

YES LAB

The volume ends with a call for action from the younger generation. Looking into the future, participants of the EPC’s **Younger European Strategy Lab (YES Lab)** contemplate what Europe should look like in 2057. In ‘Our vision: Europe, a beacon of sustainability’ (chapter 24), they make a passionate plea for the EU to become a beacon of sustainability, a place that respects the rights, livelihoods and environment of all its citizens, both now and in the future. For the next five years, they want the EU to take action in three key areas connected to building a strong, stable and sustainable European community: climate change, economic inequality and human rights.

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This issue of Challenge Europe – the 24th edition already – delivers an alternative to those who cynically claim that European cooperation no longer works and should be abandoned. It argues instead that integration can still work, and that it is still the best answer to the many problems we are now facing. We want to remind people of the value of European cooperation and offer some suggestions on how we can continue to shape and improve the project now, so that we are better equipped to respond to the underlying political, socio-economic, and cultural insecurities plaguing Europe, and later down the line, to radically re-think the way we organise our societies.

Each of the 24 contributions in this volume, authored by renowned experts and practitioners in their respective fields, presents a set of concrete recommendations for the next EU leadership, both in terms of key priority areas – sustainable prosperity, values, migration and Schengen, and Europe’s place in the world – and on how the EU can use the instruments it already has at its disposal to act in a more effective, transparent, and decisive way.

Challenge Europe is a multi-authored, periodical publication appearing at key moments and dealing with key issues in the EU integration debate.