

## Thinking on Europe's Future by the European Council on Foreign Relations

(Sources: Mark Leonard and Jan Zielonka "A Europe of Incentives: How to Regain the Trust of Citizens and Markets", ECFR 2012; Mark Leonard "Four Scenarios for the Reinvention of Europe", ECFR 2011; Mark Leonard "Why Europe Will Run the 21<sup>st</sup> Century", Public Affairs 2010)

1. Recent initiatives to put the EuroCrisis to an end (in particular, the decision of ECB for an unlimited purchase of government bonds) were accompanied by proposals aiming at a parallel political breakthrough. After José Manuel Barroso's plea for a federal Europe, 11 foreign ministers in mid-September called for a political union with more powers for the European Commission and the European Parliament.
2. This new political drive overlaps with a continuing academic debate about how to overcome the current economic and political crisis of the Eurozone and save the future of Europe as an historic project. One of the engines of the intellectual effort is the *European Council on Foreign Relations* (located in Brussels). Their papers, and in particular those of its founding director Mark Leonard, remain faithful to the ECFR earlier pre-crisis visions of a "new European century" while trying to be helpful and forward-looking on the present crisis.
3. According to the ECFR thinking, there are three main problems which the EU decision-makers have to handle urgently: First, the "Debt-deficit trap": whereas current EU measures address the symptoms of the crisis, they are not able to correct the underlying causes of it – the growing structural divergence between Eurozone members and the existence of a common currency without a common treasury.
4. Second, the "rule-revolt trap": current EU policies resemble a "German-Franco"-dictate focussing almost exclusively on sanctions for non-compliers among the debtor countries and on economic outcomes rather than processes. This approach is likely to trigger revolt in the debtor countries and to create an ever more centre-driven and "above-politics"-picture of the EU.
5. Third, the "technocracy-populist trap": technocracy and populism are mirror images in European politics. The so-called "community method" has always made EU decision-makers focus on technocratic solutions to political problems leaving the politics mainly to national actors. The current crisis shows that this lack of real politics on the European stage is easily exploited by populists pointing at Brussels as the "real cause" of national economic difficulties.

6. Three main arguments are developed in the writings intellectually connecting the problems with concrete policy advice: First, European leaders are urged to establish a growth-oriented “Europe of Incentives” rather than an austerity-oriented union of sanctions against debtor countries. Therefore, EU decision-makers should invent a mechanism that rewards countries for unpopular reforms and which can provide grants as incentives for implementing structural reform programs.
7. Second, in order to regain trust in European politics it is pivotal that all measures (i.e. reform programs for debtor countries) designed to overcome the crisis focus on actions rather than outcomes. EU decision-makers will get nowhere by sanctioning countries for not achieving certain outcomes. Such an approach will rather lead to a “binding of hands”, discourage debtors and leave the EU with little space to manoeuvre. Actions should be rewarded by more flexibility.
8. Finally, the current legitimacy crisis of the Union will not solely be solved by the technocratic and institutional answers typical of the EU. The EU, according to the authors, rather needs to create a political space for itself, engaging the people on pressing political issues and debates which can only be decided effectively at the European level - such as youth unemployment, migration, foreign policy, urban planning, aging etc.
9. Those arguments lead to the following concrete policy proposals: Whereas countries should be relieved of excessive interest rates by at least a limited communalisation of the debt, investments for growth should be made possible by allowing countries more time to meet deficit targets. Above all, a flexible and resilient approach towards debtor countries’ implementation of structural reform programs is necessary, and sanction-driven approaches are to be avoided. Structurally, the European Investment Bank (EIB) should be given a central role in funding public investments and financial tools for a co-financing of investments in R&D are to be developed.
10. The authors also envisage concrete steps at a more political-structural level: They highly recommend to preserve the integrity of the EU-27 and to introduce participatory measures embracing all member states to avoid the dominance of a Franco-German centre. A “Council of Deputy Prime Ministers” in Brussels could make decision-making more political and hold governments accountable for their promises on a national level. Moreover, the establishment of second parliamentary chamber of national parliamentarians could bridge the above-mentioned legitimacy gap by increasing the role of national parliaments. Finally, the EU should develop a “European Policy Agenda” serving the people (see point 9) and invest in the Europeanization of the media.

## 11. Conclusions for the Council of Europe:

As almost always in such considerations, all the focus of the analysis is centred on the EU. There are practically no thoughts on how the future of the EU may affect the wider European space (the CoE area). No papers by the ECFR address the Council of Europe and its relevance in a time of profound European crisis. Yet one may argue that the task of keeping the European idea alive now more than ever falls to the Council of Europe. The current crisis is undermining the EU's ability to guarantee the attractiveness of Europe's very political, legal and cultural foundations. Here the CoE could step in by trying to influence the current economy-dominated narrative and remind the public of Europe's achievements in the political and legal sphere. Additionally the Council should be used as an inter-governmental forum for "democratising" the political debate on the future of Europe. One of the main reasons and consequences of the current European crisis is the distrust between EU member states resulting from the creditor/debtor-schism and the ever more popular idea of a "Core Europe". With its inter-governmental nature, the Council could serve as a forum where trust is regained by giving an equally strong voice to smaller EU (and non-EU) states and by heralding their contributions to Europe's future in non-economic fields. Do the non-EU states have to wait silently until the future of the EU integration project is sorted out? Is the fate of this project a totally internal matter for the EU? Would it not really be unadvisable for the 11 proponents of the political union to inform in Strasbourg also the non-EU states of their intentions? Finally, the Council should re-explore its Wider European potential: it is in particular the EU's capacity to conduct an efficient neighbourhood policy which is constrained by the crisis and by the bundling of all capacities for internal purposes. Here, the Council, including many EU-neighbours, could present itself as a legitimate and efficient caretaker by actively developing the Wider-Europe idea through increased co-operation and engagement with non-EU member states (esp. Central Asia, Northern African countries, the Russian Federation and Turkey).