The Global Ventotene

«The United States of Europe can only be based on the republican constitutions of federated countries. And, once the horizon of the old Continent is superseded, and all the peoples who make up mankind are included in a single design, it will have to be recongnized that the European Federation is the only conceivable guarantee ensuring that relationships with American and Asiatic peoples will work on the basis of peaceful co-operation, waiting for more distant future when the political unity of the entire world will become possible». (from *The Ventotene Manifesto*, 1941)

THE FUTURE OF EUROPE
AND
THE FUTURE OF THE PLANET

Collection of papers
on the occasion of the Conference on the Future of Europe
Edited by Guido Montani

THE ALTIERO SPINELLI INSTITUTE FOR FEDERALIST STUDIES

Contents

Contributors

Andreas Bummel is Executive Director of *Democracy Without Borders* and co-author of the book: *A World Parliament: Governance and Democracy in the 21st Century* (2018).

Alessandro Cavalli is Former Professor of Sociology, University of Pavia. Co-author with Alberto Martinelli of *European Society*, Brill, Leiden-Boston, 2020.

Brendan Donnelly is the Director of The Federal Trust, London; and Former MEP (1994-1999). The Federal Trust was founded in 1945 on the initiative of Sir William Beveridge.

Andrew Duff is a former President of the Union of European Federalists (UEF) and of the Spinelli Group. He represented the European Parliament in the Convention on the Future of Europe. His new book, 'Britain and the Puzzle of European Union', is published by Routledge, 2021.

Claire Dupont is professor of European and International Governance at Ghent University. She is an expert on EU climate, environment and energy governance. She co-edited a Special Issue of the *Journal Review of European Comparative and International Environmental Law* and the co-edited book on The Edges of Representation (Rowman and Littlefield, 2019). Her research has appeared on scientific journals such as *West European Politics*, *Journal of European Integration, International Spectator,* and others.

Jaap Hoeksma studied philosophy of law at the Free University of Amsterdam. He worked with the Office of the High Commissioner of the United Nations. In 1992 he focussed on the EU, especially European democracy and the theory of democratic integration as an explanatory model for the functioning of the EU.

Guido Montani is Professor of International Political Economy at the University of Pavia. Former President of the European Federalist Movement and Vice-President of the UEF, he is the author of *Supranational Political Economy. The Globalisation of the State-Market Relationship,* Routledge, 2019.

Umberto Morelli is Full Professor of History of International Relations, University of Torino. Former head of the European Studies and of the International Studies Master Courses. Jean Monnet Chair holder and scientific coordinator of the Jean Monnet Centre of Excellence. Editor of the web magazine «De Europa».

Jamie Morgan is professor at Leeds Beckett University, lecturing in the areas of economics, analytics and international business. A well-known heterodox theorist and scholar, Jamie co-edits *Real World Economics Review* with Edward Fullbrook and is especially concerned about the impact of climate change.

Francesco Nicoli is Professor of Political Economy at Ghent University. He is working on crises in European integration and experimental analysis of public opinion. He co-edited two special issues for the *Journal of Common Market Studies* and the *Journal of European Public Policy.* He published on *JEPP*, the *JCMS*, *European Union Politics, the Journal of European Integration,* the *European Journal of Public Health.*

Heikki Patomäki is professor of world politics and global political economy at University of Helsinki. A well-known activist scholar and theorist, Heikki has published a number of academic and popular books and articles and participated in transnational movements. During the past 15 years, he has also been involved in developing the idea of world political party

Luis André Pinheiro de Matos holds a PhD in Economics from Cardiff University in Public Economics. Currently, he works at CaixaBank Research and is Visiting Assistant Professor at Universitat Pompeu Fabra (UPF). He is Postdoctoral Fellow with UPF, the Barcelona Graduate School of Economics (Barcelona GSE) and Teaching Fellow at the University of Bath and Cardiff.

Zoltán Pogátsa is the Head of the Institute of Economics at the Alexandre Lámfalussy Faculty of Economics, University of Sopron, Hungary.

Vivien A. Schmidt is Jean Monnet Professor of European Integration in the Pardee School at Boston University and Honorary Professor at LUISS Guido Carli University in Rome. Her latest book is *Europe's Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone* (Oxford 2020).

Gerhard Schnyder is Professor of International Management and Political Economy at Loughborough University, London; Project Leader of the Norface Network funded project Populist Backlash, Democratic Backsliding, and the Crisis of the Rule of Law in the European Union and a Brexit blogger.

Doris Wydra is Executive Director of the Salzburg Centre of the European Union Studies at the University of Salzburg. She was legal advisor to EU-projects in Ukraine and Russia. Her research focus is on the European Neighbourhood Policy, EU-Russia relations and European democracy. Since 2012 she is director of the Austrian-Russian summer school at the University of Salzburg, a cooperation project with the Moscow State University and the People's Friendship University.

.

Introduction

The launch of the Conference on the Future of Europe comes in the year in which federalists are celebrating the 80th anniversary of the Ventotene Manifesto (drawn up in 1941 on the Mediterranean island where Mussolini imprisoned his opponents), and which will also see Glasgow hosting the COP26, the UN conference that will have to take crucial decisions to stop the human species plunging headlong into an irreversible environmental crisis. These three events taking place in 2021 present significant structural elements in common, not just a simple scheduling coincidence. This collection of short essays aims to illustrate the connections between these events and their political implications.

The European Union is facing numerous challenges. Here we will focus on the two that will decide its future. The first is the internal front - i.e. the issue of achieving greater political and social cohesion among European citizens, still viewed by their governments as national citizens who are members of a Union with an unclear identity, neither confederal nor federal. European internal politics have been given a welcome boost by the Next Generation EU plan, the Commission's generous stimulus package funded by European public debt, in response to the pandemic. The Conference must now decide whether this policy is to be considered exceptional or structural. If the latter is true, the Union must be granted its own "fiscal capacity" to enable its budget to guarantee the ongoing sustainability of the European public debt. Greater own resources would strengthen the current policies for social and territorial cohesion and ensure sufficient support for the European Green Deal, which represents the backbone of Next Generation EU.

The second front – or challenge – that the Conference will have to face concerns the means of European foreign policy. The Cold War ended with the fall of the Berlin Wall and the break-up of the USSR. Since then, little or nothing has been done to ensure that the demise of the bipolar system of world governance translated into a process of pacification between old and new powers. Today, it must be acknowledged that the new multipolar international system is increasingly under threat from dangerous nationalistic tensions and rivalries between major powers, none of which can be called superpowers, though they would like to be. The era of superpowers is over. Yet people are unwilling to accept that these tensions between powers can be lessened, by actively working towards forms of peaceful coexistence. As a consequence, there is a sort of passive acceptance of the fact that this precarious equilibrium could break down at any time, with dramatic effects on world peace, the environment and the well-being of the world's citizens.

To prevent international relations degenerating further, the European Union must undertake two crucial reforms to counter the risk of a serious international crisis and support the uncertain path towards peaceful global governance. The first concerns the international use of the euro, which is already a currency of global importance, but not yet on a par with the dollar and the currencies that aspire to that role, such as the Chinese renminbi, the Japanese yen or the pound. To achieve this, the European capital market has to become as attractive as that of the dollar. As well as accomplishing a monetary and financial reform of the euro, the Union also needs to overhaul its security system. For the time being, the Union has the purported aim of defending its "strategic autonomy", but lacks suitable means to do so, as demonstrated by the failures in the Mediterranean area, where Russia and Turkey have muscled in, as evidenced by the continuing tension between NATO, Russia and the European Union due to turbulent relations with Ukraine, Belarus and various Eastern European countries, some of which have already joined the Union, while the rest sit precariously between Russia and the European Union. The issue of security and a European defence force independent from NATO cannot therefore be ignored by the Conference.

The reforms that will have to be proposed and discussed during the conference – the aims of which are not yet clear – are beyond the scope of this introduction. Yet the short essays gathered here

contain numerous pointers on the action needed to enable the Union to equip itself with a democratic government capable of working to increase the well-being of European citizens and planning a peaceful future for Europe and the rest of the world. Here, I would like to recall the political line that has inspired federalists since the days of the Resistance to Nazi-fascism, and the post-war reconstruction: the campaign for the election by universal suffrage of the European Parliament, and the reform championed by Altiero Spinelli during the first European legislature, which resulted in the draft Treaty for the European Union. Since then, there have been many attempts to reform the Union, but none have succeeded in endowing it with a stable structure, namely the situation of power that Machiavelli defined a "state". There are signs that this line of action can now be pursued once more.

In the European Parliament, two main factions have emerged during this legislature: on the one hand, a set of forces that call themselves progressive, in favour of more Europe; on the other, a current that describes itself as sovereignist, in favour of less Europe. This binary opposition emerged during the first legislature, when the Crocodile Club, led by Altiero Spinelli, proposed the first radical reform of the Union, and it reappeared when the Convention on the Future of the European Union opened in 2002. The relative failures of these initiatives should serve as a warning to those who will have to accept the institutional consequences of the Conference on the Future of Europe: the failure of the Spinelli Project and the Treaty for a European Constitution is one of the main causes of the rise of Euroscepticism and sovereignism.

My focus here, however, is shedding light on the ambiguities concealed behind the labels of progress and conservatism in the European context, a dividing line that does not coincide with the usual distinction between right and left in national contexts. European reforms regard a process of "supranational" integration, therefore those who want "more Europe" wish to strengthen the Union's supranational powers of governance, leading to a democratic European government legitimized by a two-chamber Parliament, one chamber representing citizens and one where national governments are represented. Those who want "less Europe" intend to stand in the way of progress in the direction indicated by the federalists and, in some cases, demand that various national powers that have already been entrusted to the Union be revoked: in short, they are pursuing a confederal project, a 'Europe of nations', as de Gaulle would have liked.

When it comes to the distinction between left and right, Norberto Bobbio made some illuminating observations. Bobbio argues that "the criterion most frequently used to distinguish between the left and the right is the different attitude that people living in society adopt with regard to the ideal of equality. Together with liberty and peace, equality is one of the ultimate goals which people are willing to fight for". In addition to this clear distinction between left and right, Bobbio highlights some of the significant points in the contemporary issues championed by the left. "The three principal sources of discrimination, class, race and sex, have never before been challenged as they are in our own times. The gradual recognition of equality between men and women, first within the limited confines of the family, and then in the wider civil and political society, is one of the clearest signs of humanity's inexorable progress towards equality". Lastly, there are signs of "a possible extension of the principle of equality beyond the confines of the human species, founded on the awareness that animals are equal to human beings at least in their ability to suffer.[1]

In his discussion of these issues Bobbio recalls that some of his considerations were inspired by an older essay by Luigi Einaudi, in which Einaudi recalled how the democratic structure of the state allowed the forces of liberalism and socialism to strike a balance between the values of liberty and equality, so that both sides could carry out the reforms, such as the first structures of the welfare state, indispensable for guaranteeing internal peace and improving living conditions, especially for the poorer members of society. These observations of Einaudi's, which concern the progressive phase of the nation state, can obviously be applied to the current disputes in the European Parliament,

---

1. The quotes are from N. Bobbio, 1996, *Left and right: the significance of a political distinction*, translated from the Italian by Allan Cameron, Chicago, University of Chicago Press.
.

because the distinction between right and left, liberty and equality, remain valid when it comes to resolving a number of Europe-wide issues, such as the measures to establish a European minimum wage, or policies to help young people and women enter the world of work, in a continental market.

There is therefore an inevitable overlap between the "left-wing/right-wing" issues that are debated in the national framework and those that are debated at a supranational level, when it is necessary to divide some competences that are more effectively managed on a supranational scale, according to the principle of subsidiarity. In this case too, however, we need to bear in mind the distinction between progress and reaction (or conservatism) formulated in the Ventotene Manifesto, because the defence of national interests and the anti-democratic unanimous vote is often a front for holding onto privileges. In short, the partially confederal structure of the Union is a smokescreen for conservative policies. This anomaly was generated with the founding of the Union, done without a constituent process leading to the creation of a federal Constitution submitted for the approval of the citizens, as in the United States of America. The Schuman Declaration paved the way for an approach based on gradualism and realism. The founding of the European Coal and Steel Community (ECSC) was a historical innovation. Jean Monnet had the great merit of clearly identifying both the minimum conditions for starting a process of political unification between nation states, and its point of arrival: a European federation. However, after the first European crisis - the defeat of the European Defence Community (EDC) - in the Treaties of Rome this point of arrival was replaced by the vague expression "an ever closer union". Since then, national governments have exploited the ambiguities of Europeanism, an expression that conceals the desire to weaken the Union when they want to protect their national interests.

With the Conference on the Future of Europe, the time has come to return to the crucial political objective indicated in both the Schuman Declaration and the Ventotene Manifesto, which reads: "The dividing line between progressive and reactionary parties no longer coincides with the formal lines of more or less democracy, or the pursuit of more or less socialism, but the division falls along a very new and substantial line: those who conceive the essential purpose and goal of struggle as being the ancient one, the conquest of national political power, and who, albeit involuntarily, play into the hands of reactionary forces, letting the incandescent lava of popular passions set in the old moulds, and thus allowing old absurdities to arise once again, and those who see the main purpose as the creation of a solid international state, who will direct popular forces towards this goal, and who, even if they were to win national power, would use it first and foremost as an instrument for achieving international unity".

The dividing line between progress and reaction indicated in the Manifesto shows the political forces present in the European Parliament how their ideals of liberty, democracy and equality can be combined at various levels, from local communities, to the regional, national and European levels, and how the Union can become a decisive political vehicle - a solid international state - to spread the ideal of political unity among peoples, in short, international peace on a world scale.

There is one final ambiguity to clear up, in the terms progress and progressive forces, an ambiguity that risks fuelling dangerous illusions. The philosopher Henrik von Wright makes a solid argument as to how this ambiguity – which he calls the "Myth of Progress" – came about and became a universally accepted assumption. In the modern age, thanks to the extraordinary developments in scientific thought and the rise of industrialization, the idea of progress became associated with the economic exploitation of new technologies. Yet technologies can have multiple uses: nuclear energy can be used to produce electricity or build atomic bombs; bioengineering can make it possible to cure hereditary diseases or create super-strong, super-intelligent human beings; artificial intelligence can be used to facilitate human labour or design deadly remote-controlled weapons. More generally, industrialization has led to the indiscriminate exploitation of natural resources, and the destruction of landscapes and biodiversity. The philosophers of the Enlightenment discussed the conditions needed to further the moral progress of humanity, an idea which clearly differs from that of material progress, though of course the latter has also led to improvements in the human condition that cannot be underestimated. "The modern idea of progress – von Wright asserts – thus exhibits two main

divides, partly of different historical origin. One is the idea of progress through the accumulation of knowledge and advancement of science and technology. The other associates progress with the perfection of man and the civil order"[2].

Von Wright's clarification highlights another topical aspect of the Ventotene Manifesto, the first chapter of which is entitled "The crisis of modern civilization" and opens with the statement: "Modern civilization has taken the principle of freedom as its basis, a principle which holds that man must not be a mere instrument to be used by others, but an autonomous centre of life." This brief statement reveals how those who wrote the Manifesto did not consider the European federation as concerning Europeans alone, but as a prelude to addressing and overcoming the crisis of modern civilization. The Second World War was a glaring sign of a dramatic civil regression. Although there is inaccurate talk nowadays of a clash of civilizations, politics should aim to encourage dialogue between the many civilizations that have taken root on all continents; a dialogue that must have as its point of arrival the universal, peaceful coexistence of all the world's citizens, a cosmopolitan civilization.

This is the ideal that should guide the work of the Conference on the Future of Europe. There are two major dilemmas facing the current international system that prevent a cosmopolitan civilization coming about. The first concerns the challenge of climate change, a threat looming over the future of the coming generations and humanity itself, because the human species is not immortal and the system of industrial production, which began with the exploitation of coal and mechanical energy, is no longer sustainable. The 17 Global Sustainable Goals approved by the UN in 2015 bear witness to the fact that the risks are known and have to be addressed. Young people have finally started protesting against the inactivity of national governments, which fear losing votes in the short term due to the costs of decarbonizing the biosphere, thus passing the onus of and responsibility for reforms onto future generations.

The second major obstacle to the creation of a cosmopolitan civilization consists in the obtuse pursuit of power politics by the main actors in the international system. Power politics condemns humanity - if we consider the community of the world's citizens as a community of destiny - to unforgivable wastage. The arms race absorbs as many resources as an effective global plan to decarbonize the planet would. The space race to plant a national flag on the Moon or Mars, is indicative of an urge to colonize that reproduces the European imperialism of the past on a cosmic scale. Advances in science and technology are exploited to annihilate other human beings, destroy the planet that hosts us and pander to the vanity of one head of state or another.

These nefarious tendencies in international politics should be raised at the Conference on the Future of Europe, which could be the start of a new era for Europeans and citizens of the world. After the Second World War, exhausted, impoverished, suffering peoples hoped for a new world without walls or barbed wire, without wars, genocides or forced emigration. These hopes have been largely disappointed. The crisis of modern civilization remains an open wound: this is the message of the Ventotene Manifesto.

GUIDO MONTANI

---

[2] G. Henrik von Wright, 1993, *The Tree of Knowledge and Other Essays*, New York, Brill: 221.

1. Time for Global Democracy

ANDREAS BUMMEL

Democracy is under pressure across the world. According to the latest annual report by Freedom House, a United States-based non-partisan think-tank, the balance is shifting further "in favour of tyranny". In the report's assessment, 2020 was the 15th consecutive year of declining global freedom.

This dire picture is confirmed by other studies. In the 2020 edition of its Democracy Index, The Economist Intelligence Unit recorded the worst state of global democracy since the index was first published in 2006. V-Dem, another leading research project, reported today that in 2020, autocratisation accelerated and "turned viral" across the world. V-Dem's study points out that "the level of democracy enjoyed by the average global citizen" is down "to the levels around 1990". Last year, its researchers concluded that for the first time since 2001, a majority of states are no longer under democratic rule.

The COVID-19 crisis has been used by authoritarian governments to strengthen their grip on power and to stigmatise democracy as feeble. They not only attempt to crush opposition at home, but increasingly interfere beyond borders At the United Nations, representatives of authoritarian regimes sit on the Committee on Non-Governmental Organizations to undermine civil society participation, and on the Human Rights Council to prevent criticism of human rights abuses. On the Security Council, China and Russia are misusing their veto power to stop action against governments for their gross human rights violations, Syria being the most infamous example.

Sidestepping the dysfunctional Security Council, Liechtenstein and Qatar successfully led an initiative in the General Assembly to establish a UN investigation that has already collected massive evidence for war crimes and mass atrocities committed in Syria. Likewise, UN investigations of crimes committed in Venezuela and against the Rohingya Muslims in Myanmar were pushed through by groups of states.

Nonetheless, democracy has not been a prominent item on the in- ternational agenda for many years. The global trend of democratic backsliding and rising authoritarian influence makes it clear that a counter-strategy is urgent. In theory, democratic countries working together could muster substantial economic and political leverage.

Yet when in 2020, in response to China's increasing influence across the world, then-United States Secretary of State Mike Pompeo entertained the idea of "a new alliance of democracies", it received little attention. The credibility of the Trump administration had already reached a low point.
The presidency of Donald Trump in the US was one of the worst expressions of anti-democratic and nationalist populism across the world. Trump's "America First" ideology, his disregard of democracy, his attraction to autocratic rulers and his effort to overturn the results of the presidential election caused massive damage. The attack on the US Capitol on January 6 made the US system look weak and in considerable demise.

Now a window of opportunity seems to be opening. In his election campaign, President Joe Biden pledged that during his first year in office, the US will host a global "Summit for Democracy" to "renew the spirit and shared purpose of the nations of the free world". An interim national security strategic guidance, published March 3, says that reversing the anti-democratic trend in the world was essential to US national security.

In a similar vein, the European Union's representative on foreign affairs, Josep Borrell, has said

that the EU should deepen its cooperation "with fellow democracies to counter the rise of authoritarianism". A new action plan adopted in November puts a high priority on democracy promotion. The United Kingdom has been pursuing the idea of expanding the membership in the Group of Seven (G7) bloc of states to Australia, India and South Korea, in order to form a so-called D10 "club of democracies". This club, in the UK's view, should help lessen reliance on Chinese technology. Reportedly, the UK as host of this year's G7 summit plans to give full access to these three new partners.

As Biden has noted, renewing democracy at home is a precondition for regaining credibility as a promoter of democracy abroad. This applies to all countries that consider themselves democratic, requiring a reckoning with their shortcomings on both fronts. Surveys indicate that large majorities of people in all world regions continue to believe in democracy. However, there is strong dissatisfaction with how it operates in practice. Governments are perceived to be failing to address major issues such as corruption, inequality, the needs of ordinary people or the threat of global warming.
The attack on the US Capitol prompted German Foreign Minister Heiko Maas to call for a "joint Marshall Plan for democracy". He commented that it was necessary to look into "the roots of the social divisions in our countries".

Indeed, a club of democracies could help identify common challenges and solutions. As many issues have a cross-border dimension, a transnational perspective would be vital. The criteria for membership in such a club is a crucial question. It is not obvious why a club of democracies should be limited to the G7 countries – Canada, France, Germany, Italy, Japan, the UK and the US – plus Australia, India and South Korea.

In the new Freedom House assessment, India has slipped into the category of a "partly free" country. France, Italy and the US are rated as "flawed democracies" in the index published by The Economist Intelligence Unit. From the perspective of democratic performance, the club should be open to many dozens of countries rated similarly or better. A red line should be drawn with regard to countries that are clearly authoritarian and not free.

It should not be forgotten that the G7 has drawn massive criticism in the past, not least because of a perceived lack of legitimacy and transparency. The G7 format is not the right starting point. It lacks a permanent secretariat and a formal structure. For a club of democracies, a different approach should be taken.

Instead, what may be considered is ramping up the existing Community of Democracies (CoD), which has been around since 2000. Except for Australia, Germany and France, all "D10" countries are already among the CoD's 29 member states. In any case, an honest assessment of how to reinvigorate and de- fend democracy cannot be made by diplomats and political leaders alone. Biden said that civil society representatives standing on the front lines in defence of democracy will be invited to the US-hosted summit. In this spirit, a network of civil society organisations should be connected to the club.

In addition, it is of vital importance to involve elected representatives. The club should host a permanent global network of parliamentarians from pro-democratic parties. This could tie in with existing pro-democracy efforts at the interparliamentary level and the UN. The club should also consider convening a transnational citizens' assembly to produce recommendations on how to strengthen democracy. At the national level, there are good examples of this format to draw upon. The club and its member governments should commit to fund these activities and implement proposals that find broad agreement. The club should not operate in a silo that is detached from foreign relations and multilateral action. Turning outwards, it should be a platform not only for coordinating democracy promotion but also for establishing and coordinating common value-based policies, including joint smart sanctions against gross human rights abusers.

The China-EU Comprehensive Agreement on Investment shows that this is a major challenge. It was concluded last December, despite the fact that China is brutally crushing dissent, waging a

genocidal campaign against Muslim Uighurs in Xinjiang, and step- ping up its military intimidation of Taiwan. Observers complain that the agreement does not include any human rights obligations and sends the wrong signal.

The club cannot replace or compete with existing mechanisms of global governance. Working with governments rated unfree is necessary to address major global issues. For the time being, it will remain an ongoing challenge to find a balance between promoting democracy and human rights and an urgent need to collaborate. A primary purpose of the club should be to pursue common policies in intergovernmental organisations, in particular the UN. The investigations mentioned earlier show that a lot can be done if the political will exists. The group should coordinate a UN democracy caucus to push back against authoritarian influence and help the UN step up its democracy assistance.

Finally, as globalisation increases the need for global coordination and decision-making, democracy needs to be expanded to global institutions. Leading proposals include a UN Parliamentary Assembly, the instrument of a UN World Citizens' Initiative and the creation of a UN Civil Society Envoy. Ultimately, a club of democracies will only be credible if it helps to promote democracy at this level, too.

From *Al Jazeera,* 11/03/21

2. Europe and the Ecumenical Movement

ALESSANDRO CAVALLI

1. *A symbolic event*

Should the measures to contain the Coronavirus pandemic allow it, the foundation stone for a temple that will combine a synagogue, a mosque and a Christian church in one building complex will be laid in Berlin before the summer of 2021. The idea dates back to 2009. Since then, a competition between Architect studios has been held and a winning project has been selected, which envisages a large central entrance and meeting space from which one has access to three separate but united spaces for prayer and meditation following the three monotheistic religions that have dominated the history of Europe for more than two millennia.

This event is bound to have great symbolic value, as religious beliefs in Europe have been a powerful factor of divisions and conflicts, between and within religions. The ecumenical movement has made considerable progress in recent decades, but the presence of a single temple where believers of different faiths can together, and at the same time each on their own, pray and celebrate their rites, is an event deemed to have great symbolic value, perhaps, we hope, marking a turning point not only for Europe, but for the whole world.

If we gave ourselves the task of arousing some form of "European nationalism" we would have no difficulty in recalling many elements in the history of the last 2-3 thousand years that make Europe, as we rhetorically say, a "beacon of civilization". This is not the task we want to undertake. Rather, we want to shed light on those aspects for which Europe is, and has been, a negative example and in respect of which Europe can, perhaps, today, show the way to overcome them.

2. *Religious wars*

One of these aspects is certainly identifiable in the long history of religious wars. A history that starts from far away, at least from the events of the successive destructions and reconstructions of the temple of Jerusalem, from the history of the crusades to terrorism, and the attack on the Twin Towers that marked the beginning of the third millennium. It is significant that the Berlin Temple provides for the meeting, together but distinct, of the three great monotheistic religions. All three postulate the belief in a single god, but his word is manifested through prophecies and therefore conflicts arise around the question of what is the "true" word of God. What they have in common, starting from the belief in a single god, has not prevented in certain phases of history and in certain areas of the world their more or less peaceful coexistence, but more often they have produced wars of unprecedented violence. According to Jan Assmann, one of the major scholars of the origins of monotheism, people who recognize themselves in their belief in one god inevitably give rise to conflict, to violence, because "my" god cannot be compatible with "your" god, there is only "one" truth.

The history of relations between Christians and Muslims, between Jews and Christians and between Jews and Muslims, even without adhering to the theory of the inevitable "clash of civilizations", is more a history of wars than of peaceful coexistence.

Religious beliefs are undoubtedly a component of the identity of the peoples of the earth, they are a factor of inclusion and at the same time of exclusion and therefore they can be both causes and consequences of conflict. Conflicts of the most bitter kind, however, have developed

within each monotheistic religions and even within those that have preached universal brotherhood.

In 1598, King Henry IV issued the Edict of Nantes, which put a temporary end to the war between Catholics and Huguenots (Calvinists) that had devastated France for almost half a century, recognizing freedom of worship and other rights. A little less than a century later, the edict was revoked, this time at Fontainebleau, by Louis XVI, reopening an issue that would be overcome only with the Revolution. The history of Germany in the seventeenth century is also characterized by religious wars between Catholic and Protestant states: estimates say that the Thirty Years' War caused from 3 to 9 million deaths in a population estimated at 15 to 20 million. The war ended with the Peace of Westphalia that sanctioned, on the one hand, the definitive affirmation of the principle that subjects had to follow the religion of the prince who governed the territory ("cuius regio, eius religio") and, on the other hand, sanctioned the principle of absolute sovereignty of the state, cancelling any claim of a superior imperial instance. Even today, in German-speaking regions, the territorial distribution of religious practices between Catholic and Protestant regions reflects that which was established at that time.

3. *The connection between religious and political conflicts*

The wars of religion, as is evident, were not only motivated by religious reasons. In history, the relationship between religion and political power has passed through the most diverse configurations, ranging from coincidence, to commingling and mutual influence, to separation and mutual hostility. Sometimes it is the political power that uses religion for its own ends, sometimes it is the religious institutions that use the alliance with the political power to affirm and spread their faith.

One cannot fail to remember, for example, that the expansion of Christian religions, and in particular the influence of the Catholic Church, went hand in hand with colonial expansion of the European powers. Missionaries often accompanied or followed colonial armies, and many times the conversion of entire populations was forced and imposed at gunpoint. The memory of colonialism extends long after the era that marks its end and even today has left deep traces in relations, for example, between the West and the Islamic world.

If it can be said that the wars of religions in Europe ended with the Peace of Westphalia and that, with different times and forms from country to country, conditions of greater tolerance among the Christian religious denominations were affirmed in Europe, the history of anti-Semitism and anti-Islamism is by no means over, indeed it has had well-known dramatic developments throughout the 20th century and up to the present day.

Religious wars are not, however, a prerogative of Christian Europe. Even within Islam, armed conflicts of unprecedented violence have been fought, and are still being fought today. For example the war between Iran and Iraq from 2002 to 2011 that reopened ancient hostilities between Shiites and Sunnis dating back to the time of Muhammad's succession, or even the war between Yemen and Saudi Arabia where religious motives, though not dominating, are certainly not absent. There have been no real religious wars within Judaism, due to the dispersion in the diaspora in scattered communities. The scattered diffusion has meant that sometimes followers of the Jewish religion belonging to states at war with each other have found themselves having to fight against their co-religionists. Nonetheless, tensions between orthodox, reformer and nonbeliever Jews are quite frequent in the state of Israel, where however the conflict with the Palestinian population of Islamic faith is the prominent trait.

There are not only monotheistic religions in the world. In Eastern religions we find polytheistic variants (for example, in Hinduism) and animistic and spiritualistic religions, such as Buddhism and Shintoism. Significantly, it has been predominantly contacts with peoples of monotheistic religions that have generated religious conflicts with religions of the East, although

there is no shortage of examples, as recently in Sri Lanka, of conflicts between peoples of Buddhist (Sinhalese) and Hindu (Tamil) faiths.

4. *Believers and non-believers*

Since Europe has been the real theatre of religious wars, it is to be hoped that the new temple in Berlin may symbolically signify their end and at the same time the beginning of a new era in which the different religious faiths can coexist in mutual respect, but also in a non-hostile relationship and dialogue with the great mass of those who do not believe.

Europe, together with China and Japan, has the highest percentage of atheists and agnostics in the world. Many studies have tried to explain the reasons for the eclipse of the sacred, or the rise of the process of secularization, in modern and contemporary Europe. Some trace the disenchantment with religion in Europe back to the cultural currents from the Renaissance to the Enlightenment, from the spread of scientific thought to the emergence of nineteenth- and twentieth-century ideologies (liberalism, Marxism, nationalism) as functional substitutes for religion, as secular faiths. Secularization would be an aspect of modernity. These theses, however, encounter a difficulty in explaining how the process has not reached in particular the United States, which, in many respects, seems to be an extreme example of modernity.

In a Gallup survey in 2009, the population of 150 countries around the world was asked whether they attributed importance to religion ("Is religion important in your daily life?"), and all the countries in which negative responses exceeded positive ones were, with few exceptions, European or Asian countries (Japan, Hong Kong, Vietnam, Australia, New Zealand, Cuba, Canada, South Korea, and Taiwan). The only European countries where "yes" responses prevail are, in the order of frequency of positive responses, Ireland, Austria, Croatia, Greece, Portugal, Italy and Poland. With the exception of Greece, all the European countries where "secularized" orientations are in the minority are countries of Catholic tradition. It should be noted that in other Catholic countries like Spain, those who do not give importance to religion in their daily lives prevail only by a small margin. More recent research conducted within the EU by Euro-barometer confirms more or less the same picture.

The United States ranks just behind Austria and ahead of Croatia, thus, compared to Europe, among the countries with higher levels of religiosity. Scholars have wondered whether the anomaly is widespread European secularization, or the persistent religiosity of the United States. Religious pluralism, in a situation where there has never been a "state religion" and, on the contrary, where the separation between the two powers, secular and religious, has been established from the beginning, are factors that have undoubtedly contributed to the spread of tolerant attitudes towards those who believe and practice a faith different from one's own. However there have been in the United States, especially in recent times, strong anti-Islamic movements and sporadic episodes of anti-Semitism.

From the religious point of view there is no doubt that pluralism significantly favors peaceful coexistence among different kinds of believers. The panorama of religiosity in Europe, however, does not only concern the plurality of the faiths present, but also the great diversity of ways of approaching faith and practicing it. It is one thing to believe in God, quite another to believe that this belief is relevant to one's daily life, and quite another to assiduously follow the prescriptions that religious practice entails (for example, attendance at Sunday Mass). Then there are those who do not believe in a specific divinity but recognize in themselves some form of spirituality, those who deny the existence of any divine/transcendent entity and finally those who are completely indifferent to religious issues.

For Christians, Mass attendance in Europe varies from countries where about a third of the population regularly attends Sunday services (Ireland, Poland and Italy), to countries where it is around a quarter to a fifth (Austria, Spain, Greece) and all other countries where it is less than 10%. The share of those who are and/or declare themselves to be atheists or agnostics also varies

greatly. The line between atheism and agnosticism is difficult to draw, both conceptually and in the consciousness of individuals. Atheists are those who deny the existence of God and of any divinity, agnostics are those who claim that there is no proof that God exists or does not exist, but often believe in the existence of a dimension of the spirit that does not take divine form. Approximately one European citizen out of four belongs to these last two categories, with great variability from country to country: half of the Swedes, 40% of the French, 1/3 of the British, but only 13% of the Italians and 3.5% of the Greeks. Atheists and agnostics, however, are not to be confused with those for whom religion has no relevance to their daily lives, that is, with those who are indifferent to the religious dimension. Rather, the indifferent lurk among those, whether believers or non-believers, for whom religion is in any case irrelevant. Indifferent people cannot be counted on even in an ecumenical perspective, while dialogue is possible among atheists, agnostics and believers.

A very promising anticipation in this direction was the inauguration in 1987 in Milan of the "chair of non-believers" by Cardinal Martini, who expressed himself as follows on that occasion: "I believe that each one of us has within himself a non-believer and a believer, who talk to each other inside, question each other, continually send pungent and disturbing questions back to each other. The non-believer who is in me troubles the believer who is in me and vice versa".

The fact of not believing in the existence of god or gods (atheist), or of not finding any reason to affirm the existence or non-existence of god or gods (agnostic) does not mean that those who belong to these two categories do not ask themselves what the meaning of life is, by what criteria we distinguish good from evil, why suffering is distributed unequally among living beings, where we come from (who was there before us?) and where we are going (who will be there after us?). These are all questions with respect to which human societies have often sought answers in religion.

Ecumenism is therefore not only a current of thought that promotes dialogue between different faiths, but also between believers and non-believers.

5. *Modern Science and Religion*

It is true that religions have often been used to establish, reinforce and legitimize power relationships between the dominant and the dominated. There is a long tradition in European culture, from the Enlightenment to Marx and Nietzsche, that thinks of religions as forms of superstition, as "opium of the people", but there are others that see religion as a factor of redemption and emancipation.

In Europe, the relationship between science and religion, between scientists and doctors of the Church has always been, to say the least, problematic. Everyone remembers the trial of Galileo, the controversies around the Copernican concept and the diatribes between heliocentrism and geo-centrism, the rejection of Darwinian theories of evolution and, more recently, the disputes around stem cell research and the end of life. The list could be lengthened at will. Science has certainly challenged and refuted many religious beliefs, but this does not sanction an irreducible incompatibility between science and religion.

Empirical research data tells us that scientists are one of the categories in which atheism and agnosticism prevail, yet there are many who do not consider religious faith incompatible with trust in science. These people believe, in my opinion correctly, that science is not able to answer all the questions to which religions, in historically different ways, have tried to give an answer. It is true that there are also those who have transformed Science, with a capital S, into a faith, who "believe" in Science. But often they are not real scientists. True scientists know the limits, the fallibility, the provisionality, the incompleteness, of scientific knowledge: they have confidence in science rather than faith in science. Those who want certainty are better off going to church, not to a laboratory. Science is a path of approach to a truth that can never be reached, on the contrary, the progress of knowledge continuously discovers realities (both in the extremely small and in the

extremely large, both in the field of physics and psychology) which we were previously oblivious of, so science continually makes us aware of how ignorant we are. Think of quantum physics that allows us to cast a glance into the immensity of the cosmos or psychoanalysis that allows us, again, to cast only a glance into the depths of the unconscious.

6. *Conclusion*

During the recent pandemic, policy makers have often hidden behind the supposedly objective judgment of science, but since science is never able to give absolute certainty and scientists themselves cannot often reach the same conclusions, people have begun to doubt, and trust in science and scientists has begun to be questioned. Even the "faith in science", as well as the great ideologies that claimed to have an answer for all problems, have undergone the same process that happened to the great religions, they have been partially "secularized". But it is precisely because certainties have disappeared that dialogue between religions and between believers and non-believers has become not only possible, but also desirable. Dialogue is difficult among those who claim to have the "truth" while it is promising for those who only have the will to seek it.

Europe has been the place where some of the most atrocious conflicts in the history of mankind have been fought, from religious wars to wars between nations and wars between ideologies. Perhaps it is from Europe that the message for coexistence and cooperation between different peoples, religions, cultures and ideas can come, for a more united world.

At the time of the discussions on the Treaty for a European Constitution (2003-2005) it was proposed to include in the preamble a reference to the "Christian roots of Europe", arousing lively reactions from the representatives of millions of Muslims living in Europe as citizens of member states and the Jewish minority who survived the Holocaust and did not emigrate to Israel or America. In the end, a compromise was reached indicating "the cultural, religious and humanistic heritage of Europe." As is well known, after the French and Dutch referendums, the Constituent Treaty was archived and replaced by the Treaty of Nice which includes the Charter of Fundamental Rights of the European Union where reference is made to the "spiritual and moral heritage" without expressly mentioning the religious dimension.

3. Lessons for the Conference from Brexit

BRENDAN DONNELLY

Little attention has been paid in the United Kingdom to the forthcoming Conference on the Future of Europe. The piquant news that the former British MEP Richard Corbett had been nominated by the European Parliament to the Secretariat of the Conference caused only the smallest ripple of interest in the mainstream media. In so far as opinions have been expressed in the UK, they tend to fall into two camps, first that the Conference is an expensive waste of time, which will produce nothing of significance; and second that it will mark another step along the sinister road of centralisation and oppression from a European Union increasingly dominated by Germany. These two poles of analysis reproduce neatly two central motivations for Brexit, namely contempt for and fear of the European Union.

British public and elite opinion has always underestimated the cohesive capacity of the European Union and its institutions. It did so when the Treaty of Rome was first signed, it did so in regard to the creation of the single currency, it did so in its opposition to the Eurozone's fiscal pact and it did so most egregiously in its expectation that European divisions would lead to an outcome for the Brexit negotiations uniquely favourable to the United Kingdom. The economic and political heterogeneity of the present European Union and the need for unanimity in any later treaty change will indeed make agreement in the Conference extremely difficult. British predictions that the Conference will be simply an elaborate waste of time and money should provide however at least some encouragement to those who wish for a more substantial outcome from the Conference.

Coexisting in the United Kingdom with this contemptuous underestimation of the European Union there is another strain of British opinion that will be determined to see in the results of the Conference, however modest, a further significant step towards a "federal superstate." Any increase in majority voting, any reinforcement of the Eurozone's institutions, any strengthening of capacity for external action by the Union will be seized upon some British commentators as proof positive that the centralising Brussels conspiracy continues. Those integrationist-minded observers in continental Europe who may already fear a meagre outcome of the Conference should expect a very different reaction from some British quarters when the Conference concludes. The supposedly "centralising" outcome of the Conference will be presented by some (perhaps most) of the Eurosceptic British media as a massive step towards a "United States of Europe" and demonstration of the narrowness of the escape from foreign domination offered to the United Kingdom by Brexit.

In a further paradox, there will also be yet other British commentators and voters who wish the Union well but, in their heart of hearts, hope that the Conference will not take the Union too far down the road of further integration. Their reasoning is dictated by purely British considerations. It is widely accepted among those who wish for the eventual reversal of Brexit that any return to the European Union for the UK will be less acceptable to British voters if the EU they are being asked to rejoin is one significantly more integrated than it is today. If the British electorate could not tolerate, the argument will run, membership of the EU with the British opt-outs, exemptions and rebates that were available to it before, how can it be expected to tolerate renewed membership of a more tightly-knit Union in the future? That such a defeatist thought can be present in the consciousness of many pro-Europeans in the UK is indicative of the confused intellectual and political background to the European discussion in the UK which led to Brexit.

The likely reaction of the British government and electorate to its conclusions will probably weigh little with most of the Conference's participants. Projected British reactions and even Brexit itself may however occasionally be cited by some participants in the Conference as a makeweight reason to reinforce their case for minimal change. It may be argued at the Conference that further distance and division between the EU and its previous member on the other side of the Channel should be avoided as far as possible: the Union should be especially cautious in taking further integrative steps that might make unfeasible a reintegration of the UK into the EU in the medium-term. Any such arguments would be wholly misplaced, both from the British and European sides of the argument.

It was during the forty five years of British membership in the EU a recurrent mistake of many among those British commentators and politicians favourable to this British membership systematically to misrepresent the nature of the European Union in the hope of making it more palatable to British opinion. The sovereignty-sharing through central institutions which is central to the Union was rarely discussed honestly by British politicians, with the Commission in particular frequently represented as a power-hungry group of unelected bureaucrats eager to monopolise decision-making. British politicians prided themselves on the widespread "opt-outs" they had achieved from the integrative process and were happy to speak disparagingly of those "federalists" who sought a "United States of Europe." Depending upon the political orientation of the speaker, this United States of Europe was presented as a jungle of liberal deregulation or a hell of Socialist over-regulation. It was the job of British politicians to ensure that the United Kingdom confined its participation in the European Union as far as possible to its strictly trading aspects. It was only in this way that British public and political opinion could be brought to accept continuing British membership of the EU.

The counter-productivity of this approach was demonstrated perfectly in 2016. In the referendum of that year, British voters decided that if the European Union and its institutions posed such a threat to British interests as to need constant resistance against its expansionist pretensions, it would be safer for the UK to shake off entirely the burden of continental entanglement. The leaders of the two largest political parties, David Cameron and Jeremy Corbyn, had long records of denunciation against the EU, albeit for polar opposite reasons. It was impossible for them to erase in the ten weeks of the referendum ten years of abuse and misrepresentation which they had themselves either encouraged or at least acquiesced in. The catastrophic result of the referendum in 2016 was only partly a judgement upon the EU, about which British voters know very little, and that little often false. It was much more a judgement upon the incompetence of successive British government theoretically committed to British membership of the Union but always eager to tell Eurosceptic voters most of what they wanted to hear because they could do so without immediate political penalty. Little lies and evasions have long legs. The Leave campaign finished its marathon race in 2016 being help to reach the finishing-line from the unenthusiastic and equivocal rhetoric of its opponents.

Against this background, there can be little credibility for those who claim that the British electorate will be more easily reconciled to the European Union if the Union's integrative momentum has been slowed. The attempt to remain a member of the EU while demonstratively standing aside from the sovereignty-sharing at the EU's heart and the integrative momentum arising from this sharing is a tactic which has been tested to destruction in the UK. There is no chance that the emotional and political effort necessary to bring the United Kingdom back into the EU can be mobilised in the future on a basis of half-truths about the real implications of EU membership. If the United Kingdom is ever to rejoin the EU, it can only be on the basis of future full participation in the Union's policies and philosophy. How far the EU will have proceeded in five or ten years down its integrative road will make at most marginal difference to this reality. A change of public and political attitudes in the UK towards European integration will certainly be necessary and (in the long term) probably sufficient for British reentry into the Union. Whether and over what timescale this change will happen is a question on which, given the volatility of

British politics, it is possible to hold different views. But the anti-integrative philosophy of semi-adherence to the EU, of wishing the end of EU membership without accepting the means of sovereignty-sharing" has been shown to be a calamitous failure, which can never be repeated.

As a direct result of this calamitous failure, it will be difficult, if not impossible for the United Kingdom to be any kind of stable partner for the EU in the years to come. The intellectual dishonesty of all on the Leave side and of too many on the Remain side of the argument before 2016 has generated a paradox, whereby no satisfactory equilibrium can ever be established in UK/EU relations. The British state is now forced to choose between an economically distant and damaging relationship with its closest trading neighbours, which would be the logical outcome of British reluctance to share sovereignty in the Single Market; and a more intimate and beneficial economic relationship with the Union, which will reproduce many of the sovereignty-sharing features of the EU that were supposedly so uncongenial to British opinion since 1973. British policy since 2016 has oscillated uncertainly between these twin contradictory approaches. Some of the criticism directed against Theresa May and Boris Johnson for their inconsistency is misplaced. There is no answer to the dilemma with which they are confronted. British rejection of sovereignty-sharing with its European partners creates a labyrinth of disastrous choices from which no British Prime Minister can escape.

The lesson of Brexit for the remaining European Union is by no means, as some assert in the UK and elsewhere, that European integration has proceeded too far and too fast. It is rather that in an ever more interdependent world isolation leaves few good choices to middle-sized countries that pursue it, but that national leaders and opinion-formers need vigorously and consistently to explain this reality to their electorates. Successive British governments often found themselves throughout the period of British membership in the EU in the position of doing good deeds by stealth, facilitating the process of European integration, but either denying to its electorate that any such process was taking place or claiming that the UK was uninvolved in the process. This created the worst of both worlds whereby the British electorate was vaguely aware that it was participating, even with all the British opt-outs and special arrangements, in an integrative European endeavour, the justification and necessity of which was only intermittently explained to them by their political leaders. This was a profoundly damaging configuration of political circumstances, particularly acute in the UK, but one with echoes in some remaining member states of the European Union. The Conference on the Future of Europe will be an opportunity, but also an obligation for Europe's leaders, both to make the practical and political case for European integration but to consider ways in which that theoretical commitment can better be translated into reality.

It has often been claimed by British commentators over the past fifty years that other member states of the European Union used the United Kingdom's institutional hesitations as a pretext behind which to conceal their own reservations about European integration. The history of the Euro, in which the United Kingdom did not participate, suggests that there was some justice in this claim. Again and again the members of the Eurogroup showed themselves incapable of taking the radical decisions necessary to correct the design flaw of the single European currency. Their persistent willing of the end of a single currency without wishing the means to bring it about was strikingly reminiscent of the British reluctance to internalise and implement the institutional and integrative consequences of its EU membership. The Conference will direct a possibly harsh spotlight upon the ability of the European Union to emancipate itself from such incoherence.

To this outside observer, there are appear four main institutional issues which the Conference needs to review, the future governance of the euro, the Union's external role, the Union's democratic credentials and the disciplining of lawless states within the Union. There are of course important policy challenges facing the Union such the social, environmental and digital spheres, the impact of Artificial Intelligence, new sources of energy and relations with Russia, China and the USA. But the Union will be better placed to confront these challenges if its institutional structure is sound and responsive. Those favouring the institutional development of

the Union need to do a better job than they have until now of explaining the link between the EU's institutions and decisions taken at a European level which directly benefit or make safer European citizens.

For all the four cited issues, there are solutions which are intellectually straightforward but politically difficult. The Recovery Plan and its philosophy of fiscal transfers must form a permanent part of the Eurozone's governance; national vetoes must be abolished in the external relations of the European Union; the European Parliament must enjoy an enhanced role as a guarantor of European democracy, not least by Europe-wide lists and the election of the Commission President; and there must be real negative consequences for members that regard the rule of law as simply an optional extra in their financially beneficial membership of the Union. All these are issues that in different ways have undermined the prestige of the Union in the eyes of its citizens and provided ammunition to its critics. Addressing them will be difficult in the short term, but not addressing them will generate a range of much worse problems for the Union in the medium and long term.

From a purely British perspective, it is worth stressing that such a further reinforced Union would be, ironically, the form of Union most likely to attract the United Kingdom into renewed membership of the Union. Those British observers described above who secretly hope for only modest results from the Conference are mistaken. An important component of the Brexit vote was the perception that leaving the European Union was a choice without penalty, given the divisions and disparities within the Union. Many of those who supported Brexit in 2026 have been given pause for thought by the solidarity and effectiveness of the Union's negotiating tactics during the Brexit negotiations. But it should be recalled that the United Kingdom's original membership of the EU arose from a time when the UK was politically and economically at a low ebb and the European Community seemed an anchor of prosperity and stability to which the buffeted British state could attach itself. It may well be that in the coming years the British state will be heading into stormy waters, both economically and constitutionally. If the Conference can be the start of a process whereby the Union is once again seen as a powerful and challenging neighbour from association with which the UK could benefit, the calculus of sovereignty-sharing may rapidly change for the British electorate. It will become impossible for the Eurosceptic press and politicians plausibly to paint their deceptive picture of a liberated United Kingdom bravely reclaiming its leading place in the world after years of subservience to Brussels. A more coherent, a more effective and a more democratic European Union is not merely one that will benefit the citizens of the present 27 member states, it will benefit and act as a pole of attraction for an embattled United Kingdom as well.

4. Europe after the Brits

ANDREW DUFF

1. *Brexit II*

The European Union has still to come to terms with Brexit. Clearly, the business of managing the secession of the United Kingdom has been very costly in terms of time and effort since Prime Minister Cameron launched his renegotiation of the terms of British membership in 2015. But there are important lessons to learn for the future of Europe. The unprompted departure of a rich and powerful member state marks the end of the EU's classic strategy of widening and deepening in parallel, first articulated at the summit of The Hague in 1969. Brexit has confounded the historic mission of the Union. "Ever closer union among the peoples of Europe" is now impossible. The British remain a European people but have chosen the path of disintegration.

During the secession negotiations, many 'Brexiteers' argued that no deal would be better than a bad deal. That was, of course, nonsense, and at the last minute, on Christmas Eve 2020, a deal was done. But the Trade and Cooperation Agreement (TCA) turns out nonetheless to be a bad deal. It will not endure. There are no tariffs on goods, but supply chains are badly disrupted by tightened rules of origin requirements, the imposition of border checks on tax and customs, and controls on health and safety. The problems of doing business across the Channel are compounded by the erection of a veritable frontier between Great Britain and the province of Northern Ireland, which remains inside the EU's customs union. The TCA does virtually nothing for trade in services, for mobility of people, or for cooperation in foreign and security policy. Fisheries remain a bone of contention, especially with France.

The UK is highly likely to ask the EU for a comprehensive renegotiation of its Trade and Cooperation Agreement, starting in 2024. One may imagine that by then the Conservatives will be turfed out of office, although the capacity for incompetence and internal division within the opposition parties in the House of Commons should not be underestimated. Even a new Conservative government will be back in Brussels as *demandeur*. The renegotiation agenda will be centred on measures to improve British access to the single market of the type that Michel Barnier dismissed as unacceptable "cherry-picking" during the process under the secession clause (Article 50 Treaty on European Union (TEU)). While the cohesion of the EU 27 has been impressive in the course of Brexit I, will it continue to be so in Brexit II? Will other member states, such as Hungary and Poland, seek to emulate the British and try to improve their own terms of EU membership?

Renegotiation will give rise to the same thorny issues which complicated the conclusion of the initial deal. How will reciprocity and mutual recognition be defined and applied to EU UK trade in services? Can the new British regulatory framework be trusted by the Commission across the spectrum of the internal market, from environmental protection to state aids? There is a strong case for a return to free exchange with the vast pool of capital liquidity and expert financial services in the City of London, but equivalence needs to be supervised. European arts and sciences will certainly benefit from a restoration of former links with Britain, but on what terms?

The likely outcome of Brexit II will be a Ukraine-type association agreement based on a deep and comprehensive free area. Over time, however, this may prove to be too meagre a basis for the EU's British partnership, especially if the appetite grows for closer political cooperation in security and defence. There will be no British application to re-join the EU as a full member state. But one might expect the UK to seek a new form of affiliate membership of the Union, involving

at least partial engagement with the EU's institutions. As such a membership category does not exist under the present treaties, the request from London would add to the pressure on the Union to embark on a new round of treaty change.

If the UK were to lead the way towards developing the concept of affiliate status, other third countries would surely follow, including Norway. Adoption of a second tier class of EU membership would also make sense for the Western Balkans, Ukraine and, ultimately, Turkey. As further enlargement of the Union has already become practically and politically impossible, the additional option of affiliate membership would relieve the Union of an intractable neighbourhood problem.

The prospect of treaty change terrifies the Union. But the departure of the irredeemably eurosceptic British makes it more feasible for others to move forward in a federal direction. Affiliate membership would act as a safe haven, like a *voie de détresse* on an Alpine pass, for any current member state which chose not to take the federal route.

2. *Fiscal union*

The other main driver towards federal union is the common fiscal policy which begins to emerge perceptibly in response to the devastating impact on the European economy of the coronavirus pandemic. The EU's decision to raise common debt on a large scale to aid economic recovery is unprecedented and must be managed well. Both the revenue and expenditure aspects of the Next Generation recovery programme should be delivered in as federal a manner as possible. In particular, the €672.5bn Recovery and Resilience Facility — of which €312.5bn is in the form of grants — should be disbursed by the Commission only to investments aimed at producing real added value with a European dimension. The experiment in common debt issuance will be quickly discredited if the Commission surrenders to short-term, pro-cyclical projects favoured by national party politicians. Although the debt initiative has been sold to 'frugal' states as one-off, never to be repeated, if the launch of eurobonds on this scale is successful there will be no reason whatsoever not to repeat it in the future.

Ideally, too, the holders of these eurobonds should be paid not from the proceeds of national GNI contributions to the EU budget but only from genuine own resources raised by EU taxation. This requires a compartmentalisation of the EU budget into federal and confederal sections, a reform which will not only save national treasuries money but will also connect directly the EU citizen as a taxpayer with the government of the European fiscal union. An EU Treasury Secretary will then be established within the Commission, leading logically to other necessary reforms to consolidate the banking and capital markets union, including the full integration of the European Stability Mechanism. The job of the Commission will then be to run a common economic policy of the Union and not merely to try to coordinate national economic policies, as it does now.

The Article 50 (TEU) process succeeded in concentrating executive authority on the Commission, and this trend should be continued in the fiscal field. Treaty amendment is needed to codify the changes already in train and to reform the fiscal rules of the eurozone. Fortuitously, there can be no better advocate for the completion of fiscal policy reform in the European Council than Mario Draghi.

3. *European Security Council*

Left to their own devices, neither the EU nor NATO has proved itself capable of delivering the effective, intelligent security that Europe needs. Indeed, until today the division between the two Brussels based organisations has made synergy impossible. Many people doubt that the EU will ever develop a coherent common foreign and security policy. NATO is still in search of a post-Cold War strategic concept, and struggles to keep the Americans engaged. The election of

President Biden and the departure of the British from the EU open up an opportunity to think afresh about the architecture of Western security. The need for new institutions is self-evident: if EU enlargement has stopped, new organic linkages must be invented to cater for the security needs of the whole European neighbourhood.

President Macron has been the foremost intelligent critic of the present arrangements. If he gets re-elected in 2022 he will be in a good position to propose an overarching security concept which breaks down the barriers between the EU and NATO. A joint meeting of the North Atlantic Council and the European Council could decide to establish a regular system of meetings of defence ministers, including those of the US and UK. Jens Stoltenberg retires as NATO Secretary-General in 2022. His successor should be an EU defence minister appointed as the permanent dual-hatted president of the new ministerial body.

4. *Treaty change*

Such innovations for the European Union in the field of membership, fiscal union and defence policy will require changing the Treaty of Lisbon. That exercise must be well prepared. There is talk of the Conference on the Future of Europe — but in truth there is no sincere agreement within the EU institutions let alone between them about the purpose, organisation or leadership of such a Conference. The governance proposed for the Conference looks to be clumsy and over-weight, its deliberative processes confused and objectives unclear. The President of the Commission, the conservative Ursula von der Leyen, is unwilling to take the lead in the Conference. Charles Michel, President of the European Council, appears to have washed his hands of it. Needless to add, the constraints imposed by the Covid-19 pandemic do not help the Conference. The imminence of the German and French elections will further blunt the force of reform.

In any event, there will have to be a Convention in advance of treaty amendment, and it is here where pressure from federalists will be most pertinent. Setting the target date of 2029 for the new constitutional settlement to enter into force seems reasonable. That year will be the 50th anniversary of the introduction of direct elections to the European Parliament. Is it too much to hope that to celebrate that occasion some MEPs will be elected from transnational lists for a pan-EU constituency? Federal political parties are badly needed to realise the dream of Altiero Spinelli and to make our new European polity better governed and fully legitimate.

Unfortunately, electoral reform will only be postponed by the submission of the matter to a talking-shop Conference. The European Parliament already has the full right of initiative to initiate transnational lists. There is no case whatsoever for granting MEPs an extended right of legislative initiative unless and until they use the right they already have with respect to electoral reform. Once reform has rendered the Parliament authentically European, however, MEPs should be granted the right to vote on the federal part of the Union's revenue.

More generally, we must make an effort to render the Treaties less prohibitive and more permissive, enhancing the EU's capacity to act. QMV in the Council should be extended to decisions on taxation, own resources revenue and the multi-annual financial framework. The Commission and not the Council should represent the eurozone in international monetary affairs. Other Council functions, such as fixing agricultural prices and fisheries quotas, should be transferred to the Commission. If the more differentiated, wider Europe we foresee is to hold together, the centre must begin to act and look like a federal government.

Prerequisite for such a transformation is to reduce the size of the college of Commissioners at the time of its next composition in 2024. Of all the items crowding the Union's agenda, this is the most pressing — and can be achieved under the terms of the Lisbon treaty (Article 17(5) TEU). The search for von der Leyen's successor should be starting now.

5. The European Model of Transnational Governance

JAAP HOEKSMA

The name of the Dutch historian Johan Huizinga (1872-1945) does not figure prominently among the intellectual protagonists of European democracy. As a conservative by heart, he appreciated the value of national states and cultures. In his capacity of rector magnificus of the Leyden University he ordered a delegation from Nazi-Germany in 1933 to leave an academic meeting[1] He actively participated in the transnational interbellum debate about the future of Europe and warned in an almost prophetic way against the impending dangers for European civilisation. After the invasion of The Netherlands by Hitler-Germany he was taken as a hostage to the hostage camp of St Michielsgestel and subsequently condemned to internal exile in the hamlet of De Steeg. Huizinga did not live to see the liberation of his country, but his legacy contained the blueprint for the construction of a post war-Europe, which was published after his death in 1945.[2]

1. *Curbing absolute sovereignty*

The political will of the historian Huizinga contains a striking similarity with the Manifest, that was written eighty years ago in the Italian internment camp of Ventotene by Altiero Spinelli and Ernesto Rossi. The aged Dutch conservative and the young Italian communists agreed on the maxim that absolute sovereignty destroys absolutely. The conclusion, which the authors of the Ventotene Manifesto drew from this unsustainable state of affairs, was that the division of Europe in national sovereign states had to be abolished. They envisaged the creation of a 'solid international state'. As a cultural philosopher Huizinga displayed a somewhat more cautious approach. He argued that the peacemakers of 1919 had missed a historic opportunity to secure a stable world order. 'When they had the chance to renew the system of global governance, they failed to see that the concept of absolute sovereignty had become obsolete.' As a result, the peace of Versailles had sown the seeds for politics of revenge, aggression and, ultimately, a second world war. Looking ahead in the final chapter, Huizinga suggested that permanent peace should be achieved through law. In his view, the only way for the small states of Europe to obtain safety and security was through integration in a new legal order with the larger ones. So, while the authors of the Ventotene Manifesto wanted to address the problem of absolute sovereignty by abolishing the sovereign states altogether, Huizinga preferred to reign in the sovereignty of those states by the creation of an overarching legal order in post-war Europe.

2. *The Kantian dilemma of statehood and international law*

The differences of view between these authors concerning the strategy to curb absolute sovereignty illustrates the Kantian dilemma of statehood and international law. The German philosopher Immanuel Kant (1724-1804) was the first scholar to investigate the possibilities for states to create a situation of lasting peace. On the eve of the Napoleonic wars he suggested in his essay 'Zum Ewigen Frieden', which was forbidden by the Nazi's in the Third Reich, that states wishing to attain perpetual peace could either merge into a federal state or agree to form a federation of free states.[3] In the first option, sovereignty would be transferred by the participating states to their common creation; in the second option sovereignty would remain with the states

---

[3] I. Kant, *Zum Ewigen Frieden*, 1796, Königsberg.

involved. As they would be guided by their shared desire for peace, war would no longer be justified as a last resort, but rejected as morally condemnable.

In his essay, which contained a severe *critique* on the Western norms and civilisation of his time, Kant explored the limits of the so-called Westphalian system of International Relations. The Westphalian system emerged in the aftermath of the Middle Ages as a code of conduct between modern states. Its name stems from the German region of Westphalia, which formed the scene of comprehensive peace negotiations in the 17th century. Ambassadors from almost all European states and the Holy See had gathered in the cities of Münster and Osnabrück with a view to bring an end to both the devastating Thirty Years' War in Germany and the Eighty Years' War between Spain and The Netherlands. The outcome of their deliberations, which were informed by the works of Grotius (1583-1645), constituted the basis for modern international law. In this system, war is the ultimate means of the resolution of conflicts between states. It may not be conducted at whim but requires both a formal declaration and a serious cause (casus belli).

At present, the Westphalian paradigm underlies the functioning of the Organisation of the United Nations, in which regional organisations of states are playing a more significant role than in previous times, notably with respect to the maintenance of peace. Two centuries after Kant, the dichotomy between sovereign states and organisations of free states has only sharpened. Seen in this perspective, the differences of view between Spinelli and Huizinga accentuate the Kantian dilemma of statehood and international law. Spinelli chose the federal option by transferring the sovereignty from the belligerent states to the new one, whereas Huizinga preferred to curb the absolute sovereignty of the European states through the voluntary creation of a new legal order. For theorists and politicians of the day, other options were not available. *Tertium non datur!*[4]

3. *The Conference on the Future of Europe*

The Westphalian paradigm proved to be so dominant that it has seriously hampered the evolution of the EU. Generations of students in Europe and abroad have been educated with the idea that its predecessors and the EU were an organisation sui generis, that could neither be identified nor categorised. The late Michael Burgess even coined the phrase that the EU works in practice, although it cannot function in theory.[5] Seventy years after the start of the process of European integration the Conference on the Future of Europe offers an excellent opportunity to come to terms with the own and distinct character of the European Union. The challenge for the participants is to demonstrate that the EU can work in theory and to improve its functioning in practice.

One of the greatest mistakes the participants in and stakeholders to the Conference could make would be to take the concept of EU democracy for granted. Quite some commentators and activists argue that democracy is under threat in various parts of the world, that the USA has narrowly escaped a coup d'état, that the military have staged a successful takeover in Myanmar, that several Middle-European EU member states are flouting the rule of law and that democracy in the EU itself is also under serious threat. Such an approach would give rise to major conceptual mistakes. It notably overlooks the fact that the EU is still a young and consequently imperfect democracy. In fact, the EU is giving the democratic idea a major boost by establishing itself as the first-ever transnational democracy in the world! In the process it has to overcome considerable hurdles. The most recent obstacles are Brexit and the EZB-Urteil of the German Constitutional Court.[6] In his notorious Bloomsberg-speech of January 2013, in which he announced his decision to organise a referendum about British membership of the European Union, David Cameron criticized the EU as undemocratic organisation since only the member states could be democratic.

---

[4] P. Magnette, 2005, *What is the European Union?,* London, Red Globe Press.

[5] M. Burgess, 2006, *Comparative Federalism, Theory and Practice*, London, Routledge.

[6] J. Hoeksma, 2020, *The Case BundesVerfassungsGericht versus EU Court of Justice*, Oisterwijk.

It followed in his logic that the EU should return to Westphalia and reform itself into a traditional organisation of states. In a similar vein, the German Constitutional Court has developed the view in a series of subsequent verdicts that EU citizenship is not a 'real' status, that the European Parliament is not a 'real' parliament and that it is also impossible for the EU Court of Justice to be regarded and respected as a judge of last resort. The EU needs to make a considerable theoretical effort to counter this kind of criticism, if it wants to establish and present itself as a European democracy. It is therefore most timely and appropriate that the signatories of the Joint Declaration on the Conference on the Future of Europa have expressed their determination 'to seize the opportunity to underpin the democratic legitimacy and functioning of the European project'. The purpose of the present essay is to respond to the call of the presidents of the European Parliament, the Council and the Commission by

    a)   identifying the EU as a new subject of international law,

    b)   presenting an own and distinct political philosophy for the EU and

    c)   demonstrating that the EU has replaced the Westphalian system of International Relations with an own model of governance, which will be introduced as the European Model of Transnational Governance.

The conclusion, which will be drawn towards to end of the essay, is that the combined endeavour of Spinelli and Huizinga to curb the absolute sovereignty of states in Europe has resulted in the emergence of the EU as a new subject of international law (a democratic regional organisation) with an innovative system of governance (the European Model of Transnational Governance).

4. *From union of democratic states.....*

Looking through the lens of Spinelli, Huizinga and all the others who wanted *Nie Wieder Krieg*, the evolution of the European experiment may be described as a deviation of the Westphalian paradigm.[7] In contrast to the Council of Europe, which was established in 1949 with a view to promote human rights and democracy all over Europe, the six founding members of the present EU (France, the FRG, Italy and the Benelux-countries) agreed to make the renewed outbreak of war between them not only unthinkable, but also virtually impossible. The means through which they intended to achieve this goal consisted of the sharing of sovereignty. In order to ensure the prevention of mutual war, the participating states transferred their sovereignty in the fields of coal and steel to a higher authority. Although this decision implied a revolutionary rupture with the Westphalian system, the member states of the 1952 ECSC learned in practice that the sharing of sovereignty in a limited field was a reasonable price to pay for peace.

Encouraged by the success of their experiment the six decided to proceed on their path towards a new model of transnational relations by extending the practice of shared sovereignty to the whole of the economy. In 1957 they established the EEC with a view to further the prosperity of their nations and citizens. They expressed their determination to lay the foundations for an ever closer union among the peoples of Europe and aimed to create an internal market. The Court of Justice of the Communities found in 1963 that the member states had indeed created a new and autonomous legal order between themselves and ruled a year later that the law of the Communities has direct effect and - in case of conflict- precedes national rules and regulations.[8] Taking stock of the turbulent developments the newly founded European Council described the Communities after the first enlargement in 1973 as a 'Union of democratic States'.[9]

---

[7] W. van Gerven, 2005, *The European Union: a polity of states and peoples*, Stanford, Stanford University Press.

[8] *Cases Van Gend en Loos*, ECLI:EU:C:1963:1 and Costa vs E.N.E.L., ECLI:EU:C:1964: 66.

[9] *Declaration on European Identity*, Copenhagen 1973, EC Bulletin 12-1973.

5. ...to democratic regional organisation

From a conceptual point of view the Communities formed a more or less regular regional organisation, albeit that the member states had to comply with certain democratic criteria and the organisation possessed an autonomous legal order. In hindsight, however, the qualification of the Communities as a 'Union of democratic States' implied the start of a paradigm clash inasmuch as the Westphalian system holds that organisations of states cannot be democratic, whereas the democratic principle suggests that there is no point in governing an organisation of democratic states in an undemocratic manner. In line with their aspiration to create an ever closer union among the peoples of Europe, the members of the European Council decided to give their organisation democratic legitimacy too. Consequently, the first direct elections for the European Parliament were held in the spring of 1979. For the first time, the citizens of the member states were entitled to elect candidates from their country as Members of the European Parliament!

The subsequent evolution of the EU can no longer be explained by theories embedded in the Westphalian system. The theory of democratic integration offers a fresh perspective by suggesting that, if two or more states agree to share the exercise of sovereignty in a number of fields with the view to attain common goals, the organisation they establish for this purpose should be democratic too. From the viewpoint, the decision of the European Council to establish a citizenship of the Union was of fundamental importance.[10] Although the Council envisaged to complete the internal market, the introduction of EU citizenship by virtue of the Maastricht Treaty laid the foundation for the emergence of a European democracy. After the Danish voters had made clear during their first referendum about the Treaty on European Union (TEU) that they did not want to give up their national status in favour of EU citizenship, the Council emphasized that EU citizenship is an additional status, which does not replace the national status of the citizens involved (art 9 TEU).

The 1997 Amsterdam Treaty formed another step away from the Westphalian system towards an alternative model of governance. It included 'democracy' in the core values of the Union proper and introduced a procedure to guarantee the respect for the EU's values by the member states (art 7 TEU). In doing so, 'Amsterdam' accentuated the concept of dual democracy, which has become a hallmark of the Union. Meanwhile, the member states participating in the Economic and Monetary Union were preparing the introduction of the euro as single currency of the Union. This implied a major deviation from 'Westphalia' too as unions of states are not supposed to administer and support their own coins. The 2000 summit of Nice saw the proclamation of the Charter of Fundamental Rights of the Union, which was hailed as the 'Magna Charta' of the newly created citizens of the Union. It was integrated in the treaties through the 2007 Treaty of Lisbon, which came to replace the ill-fated Constitution for Europe after its rejection by the French and the Dutch electorates in the spring of 2005.

The novelty of the Lisbon Treaty is that it construes the EU as a democracy without turning the Union into a State. Title II TEU contains the democratic principles of the EU and underlines that 'citizens are directly represented at Union level by the European Parliament' (art 10, para 2, TEU).[11]The far-reaching consequences of the new construction were illuminated through the case law of the ECJ, notably with respect to the status of EU citizens, who are now entitled to say 'Civis Europaeus sum'.[12] Moreover, the ECJ established in two recent verdicts that the EU has an 'autonomous democracy'.[13] On the eve of the Conference on the Future of Europe it may therefore be concluded that the EU has evolved to a Union of democratic States, which also constitutes a democracy of its own. As a 'democratic Union of democratic States' the EU forms

---

[10] J. Hoeksma, 2018, *The Theory of Democratic Integration*, Oisterwijk.
[11] From the conceptual viewpoint, it should also be noted that the treaty gave the EU legal personality!
[12] K. Lenaerts, 2012, 'Civis Europaeus Sum', from the Cross-border link to the Status of Citizen of the Union, in: *Constitutionalising the EU judicial system*, Cardonnel, Rosas & Wahl, Oxford.
[13] Cases Puppinck and others, ECLI:EU:C:2019:1113 and Junqueras Vies, ECLI:EU:C:2019:1115.

neither a state nor a union of states. Instead, it may be identified with a new term as a democratic regional organisation.[14]

6. *The European Model of Transnational Governance*

Although the EU has reached its constitutional destination as a democratic Union of democratic states, its evolution towards an ever closer union continues. The introduction of a rule of law mechanism in the granting of EU subsidies to individual member states may be regarded as the ultimate confirmation of the new model of governance beyond the Westphalian system, which has transformed Europe over the decades. The characteristics of the traditional Westphalian system and the emerging European Model of Transnational Governance may be contrasted as follows:

	Westphalian system	European model
Sovereignty	Absolute	Shared
War	Not excluded	Impossible
Borders & Customs	National	External
Market	National	Internal
Citizenship	National	Dual
Currency	National	Single
Democracy	National	Dual
Internal Affairs	Non-interference	Rule of law Mech
Global stage	irrelevant	major player

7. *Messages of hope*

The transformation of Europe from a war-torn continent to a democratic regional organisation may contain two messages of hope for the global community. On the long run, the introduction of EU citizenship may inspire the United Nations to create a UN citizenship. In a comparable way as EU citizenship had laid the basis for a European democracy, the citizenship of the United Nations may result in the emergence of a system of democratic governance at the global level. In a more immediate future the evolution of the EU into a democratic regional organisation may serve as a symbol of confidence for other unions of states with democratic aspirations. Obviously, each continent has to follow its own path, but the emergence of transnational democracies in other parts of the world will not only contribute to the realisation of the goals of the United Nations, but also to an improvement of the present system of global governance.[15]

---

[14] J. Hoeksma, 2019, *European Democracy*, Tilburg.
[15] M. Teló (ed), 2020, *Reforming Multilateralism in Post-Covid Times*, FEPS, Brussels.

6. The European Union and Global Governance

GUIDO MONTANI

The European Union has launched an inquiry and a debate with the aim of identifying the main objectives for its foreign policy, and therefore also the means for achieving those objectives. Among these means, defence is obviously a priority. The "Strategic Compass" is expected to be adopted in the first half of 2022. This initiative is timely, and indeed necessary, on condition that it succeeds in identifying the long-term objective of European foreign policy. The function of a compass is to indicate the cardinal points: what will the North Star of the European Union be?

This article aims to pinpoint a key objective grounded in the identity of the Union; just as the United States and the Soviet Union did at the end of the First World War, when the former set out to build a world order "safe for democracy", while the latter spearheaded the global socialist revolution. International politics always has an ideological element; to be effective, political subjects must join forces behind a flag. If the European Union merely sets out to navigate the vast ocean represented by the old post-war international order based on the Westphalian system, it will continue to remain under the sway of the other world powers. This is borne out by the first comments on the Strategic Compass[1] more focused on ways to survive than on building a peaceful future for European citizens and the citizens of the rest of the world. European foreign policy should not transform the European Union into a superpower, but is needed to neutralize the conflicts between the major powers globally.

If foreign policy is focused on military means, we will continue to be faced with the choice between peace and war, us and them, friends and enemies. Nationalism is the inevitable ideological complement to politics based on military force, and while different peoples entertain relations of a cultural, social and economic nature, these are normally subordinated to the international balance of power.

International politics is no longer governed by the two former superpowers. The bipolar world order is over and in its place a multipolar system is haphazardly emerging, with major new players like China, India, Brazil, Australia, etc. coming onto the scene. In this multipolar world, the so-called major powers continue to act like the old sovereign states in the Westphalian system. That is to say, they view the others as potential enemies, but are forced to keep any conflicts low key so as not to undermine the global system of production and circulation of goods, services and people that we all depend on. The alternative to today's globalized economy is a future of isolation and poverty.

The pandemic has brought this contradiction to the fore: consolidated human and economic bonds have prevailed over vaccine nationalism, as evidenced by the intense international scientific and technological cooperation involved in developing and distributing the vaccines, now seen as a common good of humanity. Ultimately, although the goal of peaceful international cooperation is being challenged by sovereignist world leaders (such as Trump, Putin and Bolsonaro, but not Xi Jinping), the global economic system continues to survive, albeit in a state of perpetual uncertainty, amidst verbal friction and politically correct meetings at global summits, which the various nation states see more as an opportunity to flex their muscles for the benefit of their own citizens, than to actually tackle the global threats to peace and the environment.

---

[1] D. Fiott, 2021, *The EU's Strategic Compass for Security and Defence: What Type of Ambition is the Needle Pointing to?*, CSDS, Policy Brief, March 9th.

Given that the balance of power of the multipolar world system thus oscillates dangerously between cooperation and conflict, with rival powers - mainly the USA, China and Russia – jockeying for global hegemony, the European Union must carve out a specific role of its own. It will not be easy. As Josep Borrell recently pointed out: "The weight of Europe is shrinking. Thirty years ago, we represented a quarter of the world's wealth. It is foreseen that in 20 years, we will not represent more than 11% of world GNP, far behind China which will represent double that, below the 14% of the United States and on a par with India"[2]. A European Union that remains resigned and incapable of taking action will soon turn into a global Switzerland, subordinated to the major powers.

The Union therefore stands at an existential crossroads. If it wants to weigh in as a world power on an equal footing with the other major powers (USA, Russia, China and, in the future, India), it must equip itself with military weapons worthy of a great technological power, including nuclear weapons, and accept the ideology of nationalism, in short becoming the European nation-state. Or else, while not giving up on the idea of having its own military force, as per its principle of strategic autonomy, it must strive to play a unifying role, in the construction of a peaceful international order. The EU has the power to neutralize the hegemonic aspirations of the great powers. By championing a multilateral approach it can foster the equal participation of all states in the handling of common affairs, in the quest for solutions to the pressing issues currently facing our planet: the climate crisis, economic convergence between rich and poor countries, a fair system of commercial relations, and reining in international finance, which is now so powerful that it represents a threat to the independence and stability of all the world's states, including the largest ones.

This strategic objective can be termed *global governance*, i.e. a peaceful, cooperative post-Westphalian order, based essentially on the same international institutions created by the United States after the Second World War, but with the adjustments necessary to replace the hegemonic power of the US with a system of equal participation of all states in the management of global interdependence: a *peaceful coexistence* no longer of two superpowers, but multipolar in nature. The European Union was forged by peoples who, after the Second World War, said "no more wars". Now the time has come to extend the Europeans' commitment to peace - as enshrined in the creation of European citizenship and the Charter of Fundamental Rights - to the rest of the world.

In this article I will not be considering all of the EU's foreign policy issues in detail, just those concerning the USA, China and Russia. I will explore two interesting cases to critique the current passive acceptance of the Westphalian system, and illustrate reforms that could lead towards global governance. This point of view differs from the proposal formulated by Haas and Kupchan[3] for a "New Concert of Powers", a sort of Council of Vienna. Their aim is to preserve the equilibrium of the existing Westphalian system, while my aim is to propose reforms to forge a post-Westphalian order.

Let's start by looking at the question of NATO and European defence, where the principle of strategic autonomy appears to give rise to an impossible dilemma: either we go along with NATO directives, formulated by the strongest military power, or we have to question the very existence of NATO, because a "western" military alliance should not be opposed to peaceful global governance. The proposal advanced by Secretary General Stoltenberg, to extend NATO into Asia, taking in Australia, New Zealand, Japan and South Korea as "contact countries", is an attempt to contain Chinese expansionism using European military means. President Biden recently proposed a summit of democracies and, with regard to Asia, attended another round of the so-called "Quad", the Quadrilateral Security Dialogue between the USA, Japan, India and Australia. Neither an alliance of democracies against China nor a Euro-Asian NATO is aligned with European interests and perspectives.

---

[2] J. Borrell, EUdebates.tv, 2021, *European Strategic Autonomy*, March 8th.
[3] R. N. Haas and Ch. A. Kupchan, 2021, *The New Concert of Powers*, in "Foreign Affairs", March 23rd.

If the European Union wants to initiate a policy of world pacification it has to change the meaning and contents of a military alliance established during the Cold War to contain Soviet expansionism. European governments should remember that in 1994 they convinced President Clinton to give Russia the opportunity to participate in the Partnership for Peace (PfP) within NATO, thus launching an opportunity for economic cooperation between Russia and European countries, with a view to full participation in NATO. Unfortunately, NATO's policy of eastward expansion triggered a crisis with Ukraine, disputed between East and West, and Russia, a situation that now appears to have become an irreconcilable rift. Yet article 2 of the North Atlantic Treaty states that, alongside military cooperation, economic collaboration between allies is to be encouraged. The European Union could therefore propose creating a vast free trade area from Vancouver to Vladivostok, involving Russia in a project for economic cooperation (like the PfP) which in the long run could lead to a lasting political/military detente. Russia is currently facing serious economic problems and energy-related issues and would no doubt be seriously interested in a proposal for peaceful economic cooperation that would improve the well-being of its citizens and improve relations with China and the other countries in the Euro-Asian area. To date, the lack of an effective European foreign policy has allowed Russia and Turkey to extend their influence into the countries of the Caucasus. Establishing a free trade area from Vancouver to Vladivostok would show that there is a pacification process under way between major powers, the beneficial effects of which would be felt throughout the Mediterranean area.

The second question is that of the proposals for the Glasgow climate conference, COP26. This event could represent an opportunity to show that all countries of the planet are committed to averting an ecological catastrophe, which science bleakly predicts if the 2015 Paris agreement is not respected. The rising average global temperature is already having devastating consequences, from melting polar ice to forest fires, cataclysmic storms and the extinction of countless animal species. One of the aims in Glasgow will be to come to an agreement that establishes targets for reducing CO_2 emissions for each country, and this could also be accompanied by a policy for the provision of global public goods, in short, a Global Green Deal that, in addition to measures to contain pollution, also presents initiatives for more effective solidarity between countries, rich and poor countries in particular. The European Union has already added the Next Generation EU plan to the European Green Deal.

European leaders have launched a proposal that can be viewed as a first step towards global governance. Emmanuel Macron, Angela Merkel, Charles Michel and Ursula von der Leyen, together with UN Secretary General Antonio Guterres and the Chairperson of the African Union, Macky Sall have stated that they are in favour of an extraordinary issue of Special Drawing Rights (SDRs) by the IMF, to overcome the pandemic crisis and fight global warming[4]. For the time being this proposal remains vague, but it could represent a genuine breakthrough in international cooperation. Normally, only one third of SDRs are allocated to emerging countries; in an emergency situation, the entire issue could be assigned to the UN to set up an extraordinary fund, part of which could be used to fund a Global Health System as per the Monti Report,[5] with the rest allocated to the Global Green Deal, to fund research into renewable energy and mitigation measures for poor countries. The citizens of the world would then understand that international solidarity can be translated into effective policies.

Given that SDRs are based on a basket of currencies that includes the dollar, the euro, the Japanese yen, the Chinese renminbi and the sterling, it follows that an initiative like the creation of an extraordinary fund for the UN would represent a key step towards global governance. The major world powers (the ruble is as yet excluded) could begin to cooperate openly on a plan to recover from the pandemic crisis and save the planet from environmental collapse. Furthermore,

---

[4] E. Macron, A. Merkel, M. Sall, A. Guterres, Ch. Michel, U. von der Leyen, 2021, *Multilateral cooperation for global governance*, in "Project Syndicate", in "Project Syndicate", Feb. 3rd.

[5] *A call to action: national governments and the global community must act now*, 2021, WHO, March.

the extensive use of SDRs, a sort of world currency, would help stabilize the international monetary and financial system, now dominated by a vast flow of stateless capital. Lastly, other continental unions such as the African Union could also begin to use SDRs as a currency of account to stabilize their internal markets and particpate in international trade without fear of sudden monetary and financial storms. A closer relationship between the European Union and the African Union would represent a model of supranational cooperation for equitable and sustainable development.

To conclude, policies designed to forge global governance would not only produce substantial fruits on the economic and social relations front, but would also foster a higher degree of peaceful cooperation among the major powers. The process of European unification began with the "Schuman Declaration" on 9 May 1950, which reads: "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity. The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries". In 2021, this "Declaration", which was all but overlooked in international politics, could be rewritten by the leaders of the major world powers as follows: "A cooperative, peaceful world will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a de facto solidarity. The coming together of the nations requires the elimination of the age-old opposition between the major powers. Any action taken must in the first place concern the major powers". World leaders must not pursue short-term gains for their citizens at the expense of the planet's other inhabitants. They must patiently and resolutely seek ways to achieve permanent, peaceful cooperation. European citizens know that a war between European states is impossible today. If steady progress towards global governance is made, the day will come when there will no longer be physical, ideological or political barriers separating the citizens of the world.

7. European Defence Policy and Political Union

UMBERTO MORELLI

1. *The EU polycrisis*

The EU has long been experiencing not only an economic crisis, but also an existential one. This polycrisis is made up of different elements that have come to light almost simultaneously.

The flow of immigrants has called into question the principle of free movement of people, one of the four freedoms of movement guaranteed under the treaties. The request that Greece be excluded from the euro, and the will expressed by Eurosceptic leaders to have their own countries leave the single currency, have compromised the principle of the indissolubility of the monetary union. Brexit has undermined the idea of the irreversibility of EU membership. The economic crisis, and deregulation, has increased inequalities between and within countries, which the EU has been unable to counteract due to its limited resources. These elements have occurred in an unstable, unpredictable, and aggressive international context in which the weakness of the common foreign and defence policy has been confirmed, as accurately evidenced by a report of the European Court of Auditors on the state of Europe's defence. The EU is surrounded to the East and South by areas of war and instability and from which come threats of terrorism and uncontrolled migration. Poland and Hungary have been violating the EU fundamental values for years, tarnishes the image of the EU as a bulwark of democracy.

2. *The crisis of the national sovereignty*

Globalisation has undermined the three constitutive elements of the state: sovereignty, whose scope has been reduced by global interdependence and by the establishment of international and regional organisations; territories, which have been devalued by the deterritorialisation of many activities; and peoples. With regard to this latter element, it must be understood that popular consensus legitimises government actions, and therefore that this legitimacy is lacking whenever government decisions impact on third countries whose peoples had no say in choosing the decision makers. Furthermore, the homogeneity of the population, a myth belonging to nationalist ideology, has been weakened by the processes of hybridisation favoured by migratory flows.

3. *Reforming the EU*

In order to reform the EU, it is usually thought that small steps, pragmatic and realistic adjustments are needed because unanimously accepted. This means settling for reductive and minimalist measures incapable of solving problems. The effectiveness of the solution should be assessed on the basis of its capacity to solve the problem on the agenda, not on the basis of its acceptability to states, which are the cause of the EU's difficulties due to their refusal to transfer the necessary powers to address challenges. The solution must correct reality, not adapt to it and leave it unchanged. Pragmatic measures are not small steps forward, but band-aids, the continuation of the mistakes of previous policies. Small steps make sense if they are part of an overall project that includes a series of stages planned with precise, progressive deadlines that lead to change. The euro came into force in 1999 according to a plan agreed in the Maastricht Treaty, which provided for progressive, pre-arranged, timed, mandatory stages.

Daring and disruptive reforms are needed to save the European project in the face of the disintegrating forces of nationalisms. Schuman and Monnet had the courage to propose a revolutionary solution in 1950: "By pooling basic production and by instituting a new High Authority, whose decisions will bind France, Germany and other member countries, this proposal will lead to the realization of the first concrete foundation of a European federation indispensable to the preservation of peace." The decisions of the High Authority would be binding for member states, i.e. the Community would enjoy supranational powers. This was the innovative, revolutionary aspect of the declaration that was to change the history of Europe by initiating peace between France and Germany. Schuman and Monnet did not bother to obtain the prior consent of the various countries to their proposal. Only those countries willing to accept binding decisions, i.e. to accept the supranational perspective, would be able to join the Community.

4. *A single European defence*

Today it is essential that the EU has a unique defence. Why?

The nature of the EU: 27 countries, 446 million inhabitants, produces just under a quarter of the world's GDP, a major importer of oil and gas, the leading commercial power, the most important donor of aid to developing countries. It can't be just a market, inevitably is a global player.

The new international scenario. From the 1990s, the strategic interests of the US and Europe, having converged throughout the Cold War, diverge: the Pacific became the focus of America's strategic objectives, and Europe was left marginalized. The EU had to start looking after its own security, rather than simply relying on that produced by others. It is surrounded by an area of instability, from the Eastern border to the Middle East, North Africa and the area encompassing the Sahel and the Horn of Africa, which is a source of threats (wars, instability, terrorism, crime, illegal migration).

The costs of Europe's absence in the defense field. The EU member states have 27 armies, 23 air forces and 21 navies. In 2016, Europe had 178 weapon systems (compared with America's 30); 17 tank models (versus 1 in the US); 20 infantry fighting vehicle models (versus 2); 29 types of destroyer and frigate (versus 4); 20 types of fighter plane (versus 6); 12 types of anti-ship missile (versus 2), and 13 types of air-to-air missile (3 in the US). More than 80% of investments in research are carried out at national level; European cooperation is an exception. This situation translates into duplication, lack of economies of scale, increased production costs, low levels of interoperability, overcapacity in some sectors, poor competitiveness of European industry, lack of European champions capable of competing with US and Chinese multinationals, and fragmentation of the defense market, which, is excluded from trade liberalization rules. This non-Europe in defense field is a politically and strategically penalizing state of affairs, economically unsustainable, and unreasonably costly.

Weaknesses of the national armed forces. The interventions of the European countries during the war in Libya in 2011 would still have been impossible without the support of the US, which took care of 80% of in-flight refueling, 75% of the hours of air surveillance, and all of the electronic warfare missions. Even today, without the support of American strategic capabilities, Europe would be unable to take care of its own security. It has critical capability shortfalls in a number of areas, such as strategic enablers, unmanned aerial vehicles, transport aircraft, precision munitions, air-to-air refueling, anti-access area-denial capabilities, suppression of enemy air defense capabilities, satellite communication, autonomous access to space, command and control capabilities, intelligence, surveillance and reconnaissance, cyber warfare, artificial intelligence, submarines and modern armored fighting vehicles. Europe's strategic autonomy is limited to low-intensity operations (European Court of Auditors' report).

The limitations of CSDP. The EU's missions have been the target of criticisms, which have highlighted their limitations: its operations have been modest in scope, low intensity, of little strategic impact, characterized by a reticence towards the use of force, launched slowly and generally involved small numbers of personnel (difficulties in sourcing personnel, due to concurrent engagements in NATO and UN operations). The EU does not have its own permanent headquarters, even though this would ensure greater efficiency and avoid wasting time and resources. Finally, those situations in which an operation stands to benefit everyone, encourage the phenomenon of free riding: this is when countries avoid getting involved in a mission on cost grounds, while nevertheless enjoying the benefits, e.g., regional stability, that it brings.

4. *European Political Union*

The need for a single European defense is apparent. This implies a political union: there is no army without a state (a foreign, a defense, and a finance ministers responsible for foreign policy, defense policy, and decisions on military spending, i.e. a government accountable to the European Parliament). The political union is a left over of the Maastricht Treaty, which created a currency without a state, the only case in the world.

To establish a political union means to eradicate the sovereignist views that have emerged in recent years and hamper the resurgence of nationalisms.

At the bottom of this a sort of atavism lies dating back to the 19th century: the tendency to interpret reality using the cultural paradigm of the nation-state, sovereign, self-reliant and sufficient unto itself. In this way of thinking, political, economic and social problems are addressed from the viewpoint of one's own nation-state. The belief is that all problems can be solved within it using national tools and that the external world revolves around one's own state, oblivious of the fact that the world is globalised and interdependent. The nation-centric logic is expressed using catchy slogans such as *Italians First, Britain First, America First, Oui, la France* etc. These slogans have great emotional and communication impact, but they have a racist undercurrent and are conceptually wrong, i.e. they do not achieve their professed aim: the good of their own people. According to the nation-centric logic, each country's citizens believe their national points of view correspond to reality and are indisputably justified. This results in their assertion of arbitrary primacy and any agreement between different peoples becomes impossible. All this leads to clashes, verbal to begin with, but then violent, between various irreconcilable national positions and between opposing nationalisms.

This Ptolemaic criterion do not allow to understand a Copernican and globalised world and can only lead to failure and incorrect choices. We need a Copernican revolution in our way of thinking and acting, adopting a global approach that makes it possible to grasp the interdependencies that bind states, and rejecting the nation-centric approach that prevents us from seeing reality correctly. The nation-centric logic is focused on self-regarding interests resulting from the defence of privileges and immediate economic self-interests. These interests are sometimes imaginary, always partial and disregard the overall perspective. The nation-centric logic leads to exclusion and segregation. What we must adopt is the global logic of other-regarding interests which leads to inclusion and integration. This logic is expressed by the principle of *Humanity First* which captures this need to think in global terms in order to rise to global challenges, and it highlights humankind's common destiny.

4. *Building the European identity*

In order to achieve political union, European identity needs to be defined: the *demos* must embrace a shared *ethos*. The EU must be a centre for identity based on a shared memory and a common narrative of Europe. The EU Charter of Fundamental Rights and Art. 2 of the Treaty on

European Union list the values on which the EU is founded and serve as a point of reference to build European identity.

Although European citizenship has existed since the Maastricht Treaty, most Europeans do not feel European. Europe can no longer be based only on the market, a balanced budget, the stability pact. Awareness of a common European identity and destiny – which goes hand in hand with the sense of belonging to a local and national community – should be boosted along with the acceptance of a shared ethos and the acknowledgment of a collective memory. Only nationalism imposes an exclusive sense of belonging to one nation.

Over the past decades, Europe has been created without Europeans, without involving citizens in the unification process. There has been no phenomenon of Europeanisation, with the exception of the elites, that may be compared to the process of the nationalization of the masses in the 19th century, which integrated the peoples of Europe within their respective nation-states.

In the history of European unification, the problem of the European *demos* and its identity has been underestimated and considered secondary to economic integration and institution-building. The need for identity is inevitable. If there is no sense of belonging to Europe, other identities are being cultivated (national, local, ethnic, religious), which trigger exclusionary and conflicting processes with negative effects on the building of Europe itself.

Individual and collective identity is not a natural immutable fact, but rather the result of a process of identity construction that is a synthesis of the past (what we were) and future (what we want to be). The national identities of European countries were built during national unification processes by selecting useful elements from the past in order to legitimise these processes. Uniformity formed the foundation of their legitimacy. However, today society is multicultural. We experience – either practically or virtually – differences in ethnicity, language, religion, society, ethics and sexual orientation. The state, however, has remained national, although delegitimised by globalisation.

Globalisation has increased the mobility of people (work, migration, study and tourism), goods (trade) and information (internet and social networks). Even without physically moving around, we can surf global media networks and discover different ways of life and broaden our social relations by coming into contact with and being influenced by other cultures, traditions and habits. Identity is contaminated by physical and virtual mobility and increasingly intense transnational contacts. It is modified, and becomes a composite, plural and mobile identity because it is created, transformed and enriched by many elements from different experiences, cultures, and information flows. Identity is built by taking what you need from the past (where you can find everything: war and peace, democracy and totalitarianism, nationalism and internationalism, solidarity and selfishness, equality and inequality, etc.) to address the problems of the present and make plans for the future. And this future should not only be multiethnic; it should ensure peace, the elimination of inequality among states and within states and environmental protection.

European identity should guarantee the coexistence of different and increasingly mobile human groups within the same territory, in a democracy and under a common political authority. It is a matter of building a model of society that ensures multi-identity and multi-belonging as well as political unity in order to live together peacefully and democratically despite our differences and to preserve our differences in order to remain different and therefore free, despite political unity. European identity, unlike national identity, is neither exclusive nor ethnic. It is open to differences, cosmopolitan and based on shared values. The EU's challenge is not to create a uniform nation-state at the continental level, but to promote unity in diversity. This vision of the world, this model of society that inspires Europe, the foundation on which a common life project for all EU residents must be built, is enshrined in the Charter of Fundamental Rights. Not surprisingly, this charter is aimed at individuals, i.e. at all European residents, which includes immigrants, not only European citizens. The alternatives are to erect walls, which prevent dialogue among cultures, defend identity against coexistence with diversity, which is typical of

communities dominated by fear, build closed societies based on the opposition between "us" and "them", ethnic cleansing and the totalitarian state.

5. *A new idea of nation*

Building European identity entails rethinking the concept of nation and citizenship. Is the nation a social group characterised by a set of common traits (language, religion, history, traditions, customs, blood), or is it a community that shares the same ideals and also embraces those who were born outside its territory? Does belonging to a nation depend on one's blood, or genetic ancestry, a view that leads to the horrendous ideas of the mono-ethnic state and ethnic cleansing? Or does it instead depend on shared principles — on participation in a community that includes all the residents of a territory, regardless of where they were born, who wish to live together, abiding by the same laws and having equal rights and duties? The idea that the state must coincide with a nation defined on the basis of birth leads to a closed society, intolerant of political, religious, cultural and social diversity, and hostile towards other nations. The identity element in cosmopolitan citizenship is what Habermas termed constitutional patriotism, a sense of attachment to values that citizens can identify with, regardless of their place of origin. Citizenship should be recognised as separate from ethnicity, but linked, instead to residence.

The nation should not be identified with the state, as was the case following the formation of the nation-state. In the same way that the separation of Church and state has allowed the practice of different religions within the secular state, the separation of state and nation allows the coexistence of different peoples under a common political authority, complying with the founding principles of the community, regardless of their skin colour, professed religion, mother tongue and ethnicity.

6. *A utopia?*

Altiero Spinelli noted that the task of politics is not to do what is possible, as the so-called pragmatists claim, but to make possible what is right in order to change and improve reality.

To make possible what is right, great statesmen are needed, politicians with far-sighted view of the future, convinced of the coincidence between interests and values, i.e. that the national interest of their country coincides with the value of a united Europe.

Habermas, unfortunately, doubts the existence of such statesmen: «There is a remarkable contrast between the expectations and demands of those who pushed for European unification immediately after World War II, and those who contemplate the continuation of this project today—at the very least, a striking difference in rhetoric and ostensible aim. While the first-generation advocates of European integration did not hesitate to speak of the project they had in mind as a 'United States of Europe', evoking the example of the USA, current discussion has moved away from the model of a federal state, avoiding even the term 'federation'. Does this shift in climate reflect a sound realism, born of a learning-process of over four decades, or is it rather the sign of a mood of hesitancy, if not outright defeatism? As a political collectivity, Europe cannot take hold in the consciousness of its citizens simply in the shape of a common currency. The intergovernmental arrangement at Maastricht lacks that power of symbolic crystallization which only a political act of foundation can give».

8. Overcoming the contradictions of the EU carbon border tax: towards a global greenhouse gas tax

JAMIE MORGAN AND HEIKKI PATOMÄKI

The idea that the EU should place a carbon price on certain imports from less climate-ambitious countries implies a recognition that not only climate change itself but also the implementation of climate measures is a global problem. The European scale does not ensure structured coherence among the economy, political organization, and rational responses to salient problems. In the EU Emissions Trading System (EU ETS), many firms are required to acquire permits for the climate-warming carbon emissions that their production generates. A key concept is "carbon leakage", which refers to the possibility that because of the cost of permits and regulations at home, EU production may be moved to non-EU countries that have less ambitious emissions rules. To combat this "leakage" large corporations that dominate sectors such as steel continue to receive their initial allocations for free in the EU ETS. This, however, only exacerbates underlying problems of carbon trading systems. Carbon taxes are a different approach to carbon pricing. For example, a carbon border tax or levy is a unilateral attempt at rescaling. The levy is targeted against outsiders: it can be used to sanction those countries that fail to meet their Paris Agreement or other reasonable climate objectives and firms that try to exploit regulative laxity to increase their "competitiveness".

Although the need for a carbon border tax stems from global interconnectedness, it is a one-sided measure and thus speaks to the need for a more broad-based approach to carbon taxes. Some actors may take it as a violation of the principle of free trade. According to the European Parliament[1] the carbon border tax is WTO-compatible and will not be misused as a tool to enhance protectionism. Moreover, the aim is to use revenues as part of a basket of EU's "own revenues" to support the objectives of the Green Deal. Despite these qualifications and promises, John Kerry, the current US envoy on climate, has told the EU that a carbon border tax adjustment should be seen as a "last resort", to be adopted only when all other attempts fail. Even as a last resort, it remains conceivable that some states will challenge the EU carbon border tax in the name of free trade, to which the EU itself remains committed.

A new explicitly market disruptive and globalist approach is needed. The Paris Agreement is premised on the institution of state sovereignty and is based on voluntary commitments. For some limited international purposes, the EU is functionally equivalent to a sovereign state. Moreover, its climate policies occur in a field constituted by free trade, market competitiveness, an emissions trading system, and technological changes. The notion of the EU carbon border tax arises from the consequent problematic. The aim is to create a global level playing field in global markets: all states have to play by the same set of rules. The problem is that unilateral attempts to impose rules on others tend to result in tit-for-tat responses. A further problem is that market-based measures to tackle global warming have been inefficient and rely too much on uncertain future technological developments. We argue that a global greenhouse gas tax (GGGT) is a rational global Keynesian solution to this aporia.

---

[1] European Parliament, MEPs: 2021, *Put a carbon price on certain EU imports to raise global climate ambition*, March 10th.

1. *Reliance on free markets and technology*

The EU ETS covers around 40% of the EU's greenhouse gas emissions. The Commission is currently proposing to revise and possibly expand the cap and trade system. Firms can trade emission allowances with one another as needed. This trade is taking place within a wider context of internal single market and, more generally, worldwide system of free trade. For the system to be efficient, the ceiling on emissions must be aggressive, making permits both a constraint for any individual participant and scarce in general. However, the more aggressive the ceilings, the more the incurred costs will affect the competitiveness of EU firms in world markets. Because the system imposes a fixed overall quota without regard to the cost of attaining that quota, cap, and trade lack cost certainty.

Moreover, it is difficult (especially in some sectors) to measure emissions and estimate numbers of permits for some future duration to enable reasonable foresight and planning for and by entities. Given also the effects of uneven economic developments, business cycles and various economic crises, it is excessively difficult to determine the appropriate amount of emission permits to induce rapid emissions reductions. The likely consequence of the combination of these uncertainties and concern for competitiveness is that too many permits will be available and the ceiling on emissions will be too generous. This is what the available empirical evidence suggests. For example, Patrick Bayer and Michaël Aklin[2] estimate that the EU ETS reduced emissions by 3.8% of total EU wide emissions between 2008 and 2016 compared to a world without an EU ETS.

A further problem is that a cap and trade system is an administratively created synthetic market that requires detailed regulations. Setting up caps and emission certificates and their trading system is complicated by many intricate technical issues (e.g. the proposal needs to determine how allowances will be created and distributed), typically entailing high administrative costs. Moreover, a system of tradable permits entails significant transaction costs to the actors themselves, because they have to search for traders, engage in negotiations, seek approval for deals and take insurance.

What is more, the market-based approach to emissions reductions relies on strong expectations about technological change. While the research done in the laboratory or research and development units may be publicly funded and organized, the assumption is that price mechanism is sufficient for the commercial spread of new technologies. The costs generated by the cap and trade system is assumed to create further incentives for technological change. While innovation for profits is an essential part of the dynamics of capitalist market economy, it is not plausible to assume that a desired rate of particular technological change will automatically result from these dynamics. A further set of assumptions concern the acceptability and feasibility of new technologies. New technologies may be too risky or incompatible with basic human rights or various social and ecological values. Their side-effects or unintended consequences may be more important than their intended effects.

2. *Tax as an alternative to emissions trading*

Because of uncertainties and concerns over competitiveness, the market-based approach gravitates toward, from a climate perspective, inappropriately generous ceilings. The market-based approach generates unnecessary administrative and other costs and relies on unwarranted optimism about markets and technological change. There is an alternative: a tax. In terms of scope and dynamic effects, a tax is more efficient than a trading system. A carbon tax extends to all carbon-based fuel consumption, including gasoline, home heating oil and aviation fuels. The scope of tax on carbon and sources of other greenhouse gases is thus wide and covers comprehensively

---

[2] P. Bayer and M. Aklin, 2020, *The European Union ETS reduced CO2 enissions despite low prices*, PNAS, April 21.

different sources of emissions. A further advantage of the tax is that it offers a permanent incentive to reduce emissions. As long as there are emissions, a tax incurs costs and thus contributes to technological dynamism as well. Moreover, a tax-system can be relatively easily specified in a concise legal text, whereas cap-and-trade proposals are more complicated.

There are further important reasons to favour a tax. The cap and trade system includes also trade with various financial derivatives of the certificates. Like speculative finance more generally, this encourages the search for quick profits and reinforces short-term temporal horizons. In the secondary markets of pollution permits, ecological sustainability appears as a secondary concern. What matters is money-making. Given this orientation, it is no wonder that the profit-oriented carbon trading has been liable to systematic manipulation leading to, in worst case scenarios, instances of outright corruption. Apart from cases of fraud and bribery, abuses of power, and other conventional forms of corruption, "corruption in this sector has also taken more original forms, such as the strategic exploitation of 'bad science' and scientific uncertainties for profit, the manipulation of GHG market prices, and anti-systemic speculation"[3].

A further problem of emissions trading is that it undermines the sense of shared sacrifice necessary to future global cooperation on the environment, while also encouraging an instrumental attitude towards nature[4]. Institutions are liable to fail when they do not support and cultivate commitment to relevant conceptions of "the good" involving adequate norms and virtues. Regard for nature, long temporal horizon, and moral sense of shared sacrifice – to the extent and whenever necessary – are essential for achieving the purposes of an effective global climate change regime. As cap and trade encourages short-term profit making and is predisposed to manipulation, it does not seem "fit for purpose". Moreover, markets enable the outsourcing of one's moral obligation to reduce excessive greenhouse gas emissions. If the rich can pay themselves off this obligation and thus buy the right to pollute legally, the whole point of climate governance is compromised. It reinforces a counterproductive attitude – that nature is a dumping ground for the wealthy.

Moreover, while the purpose of greenhouse gas taxes is not primarily to generate revenue but rather to influence activity, the two purposes complement each other. A tax system can be designed to recredit, compensate and redistribute and this may be critical from the point of view of feasibility and viability of the system. Taxes, and specifically global taxes, can generate revenues for purposes of planetary common good such as climate stability. The auctioning of emission allowances generates some revenues (in 2019, the generated total revenues of the EU ETS were 14 billion euros), but the revenues from taxes can be many times higher. In other words, global taxes and funds would be essential for creating the resources needed for tackling the consequences of climate change and for global sustainable development. The funds now available to, say, the UN system are minuscule (the UN budget approved for 2020 was mere 3 billion US dollars[5]) and have no effect on the overall developments of the world economy. Global taxes and their revenues could be used to steer and regulate economic activities across the planet for the common good.

3. *Why the Greenhouse Gas Tax must be Global: toward global Keynesianism*

Climate change is a global problem. The EU accounts for considerably less than 1/10 of world's carbon dioxide (CO_2) emissions. Because of carbon leakage, a greenhouse gas tax within the EU would make an EU carbon border levy even more necessary than the ETS and other current measures. There has been a major transfer of produced emissions from wealthy countries to China,

---

[3] UNEP, 2013, *The impact of corruption on climate change*, March.

[4] M. J. Sandel, 1998, *What money can't buy: the moral limits of markets*, The Tanner Lectures on human values, May 11.

[5] UNnews, 2019, *General Assembly approves $3 billion UN budget for 2020*, Dec. 27.

while China has increased its global share of the problem also for other reasons[6]. As indicated, a key difficulty is that such a levy can be seen as protectionist and, as such, challenged. There are thus many reasons why the European scale is insufficient for expanding the temporal horizon of policy in a manner that would be consistent with tackling the climate change. A shift toward a more globalist framework can help to overcome the aporia that under the prevailing assumptions appears unsurpassable.

We suggest a "global Keynesian" approach for future development. According to the holistic perspective of Keynesian theory, economic developments, and especially the formation of effective aggregate demand, are seen from the standpoint of all actors and countries at once. The conditions of actions form a whole in which the various parts are dependent on each other. Applying this perspective methodically is the basis of global Keynesianism. The term "global Keynesianism" entered the literature in the early 1980s. First it was mainly used by critics of the Brandt Report,[7] published in 1980. Soon advocates of the approach also adopted the term. The Brandt Commission developed the idea of a world civilization and proposed a new international and global economic system. A key theme of the Report concerns the urgency of transition away from fossil fuels and to renewable sources of energy. Fossil fuels are limited and their emissions can "produce climatic change with potentially catastrophic consequences". The basic principle is that "the biosphere is our common heritage and must be preserved by cooperation". Therefore, the Report advises, "all nations have to cooperate more urgently in international management of the atmosphere and other global commons". Broadly conceived, the point is not only to facilitate transition to post-fossil fuels economy but, more generally, also to shape the direction, composition, distribution and speed of economic change towards more sustainable paths. For this, strong public policies and new kinds of global institutions are required.

From a global Keynesian perspective, it is possible to address the ambiguities of the EU carbon border levy. Building a global tax system is a process. A border levy becomes defendable if it is a part of an increasingly inclusive global system, and if that system is widely seen as vital for the future of the life systems on Earth. A process of establishing a global tax can be started by a coalition of willing states with the support of global civil society movements and organisations. At first some twenty states, including the EU, would be sufficient for establishing a tax organization. The aim is to increase the number rapidly over time. If all countries applying the global tax imposed countervailing duties or levies on imports from countries outside the tax regime, it seems plausible to assume that over time – under the changing circumstances – other countries would find it favourable to opt in. Thus, this scheme is dynamic: the levy serves as an incentive to join the system and adopt greenhouse gas taxes within a common global framework, as specified in its constitutive treaty.

Establishing a global climate tax is a political problem but also an issue of justice. A uniform global tax would treat everyone similarly, thus favouring those who are already relatively energy efficient as many EU countries are. The situation is similar or analogical also with regard to other greenhouse gases. Any tax would affect the developmental potential of many, whereas the tax must be set at a relatively high level in order to be effective. The problem is that the world economy is characterised by uneven geo-economic developments. Historical paths of different countries and parts of the world have been and are diverse – there is also the issue of colonial and imperial past. So far, the early industrialisers have made by far the biggest contribution to the problem, whereas some of the least industrialised areas seem especially vulnerable to the effects of climate change. Moreover, the Asian growth centres have been rapidly increasing their share of emissions (again, see Smith, 2020). The role of the new centres of growth has been central to the debates about the Kyoto Protocol and Paris Agreement especially in the US. There is a relative wide scope of legitimate disagreements, but also a need to find common solutions. This not only

---

[6] R. Smith, 2020, *China's engine environmental collapse*, London, Pluto Press.
[7] The World's Resources, 2006, *The Brandt Report: A Summary*, 31 January.

suggests a quest to facilitate dialogue about different understandings of justice but, most importantly, also a need to organise common global institutions in a democratic manner.

This line of argument raises complex new issues, but it also suggests that instead of giving the task of setting up a Global Greenhouse Gas Tax (GGGT) to an existing international organization, a coalition of the willing should establish a new democratic organization. There is no existing organisation that would match the membership and aspirations of those setting up a GGGT, or provide the needed functions. What, then, should the organising principles of the GGGTO be? There are many possible ways to combine different understandings and principles of democratic legitimacy: equality of states, representation of populations, and active civil society participation. For example, states' votes would vary from one to three depending on their population. The Council of Ministers could follow qualified majority decision-making with secret ballots, and by empowering the representative and participatory pillar of the system with real powers such as motions, veto-rights and budgetary rights. This system encourages all states to join the organisation and their governments to participate fully in its Council of Ministers, but in its second chamber (or whatever it will be called), it gives full rights of representation only to national parliaments elected in free and fair multi-party elections. It verifies the spontaneity of civil society actors by a combination of a screening process and lottery, thus putting some ancient Greek procedures to work in a new context.

3. *Conclusions*

According to Earth system scientists, climate change is just one of several conjoint problems of environmental and ecological breakdown. Resolving climate change problems depends on whether stabilising negative feedback loops or self-reinforcing, positive feedback loops dominate. We have now entered a period of recognised "climate emergency",[8] while many pundits argue that most of the dire warnings of the past forty years have been on the mark (for example Kanninen).[9] As the Earth is approaching or already passing boundary-tipping points, the positive feedback loops are being drastically strengthened, with potentially catastrophic consequences (see for example Pearce[10]). Uncertainty about the future continues to prevail and uncertainty can work both ways, but what seems increasingly clear is that all the warning signals are flashing red. The 1990s approach based on markets and voluntary commitments has proven inefficient and counterproductive (in spite of some minor intended effects).

We have argued in this short text that there is an alternative: a global Keynesian GGGT. While the tax relies on market mechanism for some of its effects, it is also market disruptive and meant to open up a space for global public policy. Our preliminary proposal is to establish a new, democratically organised but inclusive global organization. Moreover, we have argued that building a global tax system is a process. From a global Keynesian perspective, a border levy is defendable as a part of an increasingly inclusive global system – especially if that system is widely seen as vital for the future of the life systems on Earth.

---

[8] W. Ripple, C. Wolf, T. Newsome, Ph. Barnard, W. R. Moomaw, 2021, *The climate emergency: 2020 in review*, in "Scientific American", January 6.

[9] T. Kanninen, 2013, *Crisis of global sustainability*, New York, Routledge.

[10] F. Pearce, 2019, *As climate change worsens, a cascade of tipping points looms*, in "Yale Environment", Dec. 5.

9. Democratic legitimacy in times of European upheaval

FRANCESCO NICOLI AND CLAIRE DUPONT

1. *A Union in upheaval*

The European Union is in turmoil. Under the pressure of the Covid-19 crisis – an economic emergency as well as a healthcare crisis – it is reforming its economic governance and it is expanding, for the first time, into the field of healthcare. The climate emergency – a slow-burning, and now urgent, crisis no less likely than economic outbursts to shape integration – has pushed Europe to take the global lead in industrial reform; as aptly remarked by *The Economist* (*Charlemagne,* May 1st 2021)[1] the EU's "European Green Deal" may seem fuzzy from outside, but in fact it is a "three-decade project that will up-end the continent, in much in the same way the Single Market did from the 1980s" (p. 22). These three areas of development – fiscal union, welfare provision, and environmental policy – mark a leap forward in integration which, albeit less abrupt than past treaty changes, will change the way the European Union works to a larger extent than most recent reforms.

Each of these areas will allow the European Commission to forge the socioeconomic fabric of the Union in novel ways. Through the Recovery and Resilience Facility, the Commission *finally* obtains a means to finance its mechanism for economic coordination. The Commission had been asking, and was at every juncture repeatedly denied, for an instrument of this kind since March 2012. With the RRF, the European Semester – so far more of a reporting nuisance for national capitals than a true mechanism for economic coordination of reforms, investment and social spending – becomes suddenly the focal point of national economic policy. Through such an instrument, the Commission will be able to finance, say, a particular tax reform in Italy, or withhold funding from Poland should it fail to follow-up on recommendations on judicial reform. While the opportunity this poses for European integration is clear, the legitimacy of particular decisions is much less so: the European Parliament has no say in the current European Semester.

In fields related to European welfare provision, the Union is advancing too. European policy-makers had been asking since 2012, for the creation of a European Unemployment Insurance: serious work was put forward by the Commission in 2014 on this issue. With SURE – a programme enacted in the early days of the pandemic – the EU for the first time has introduced a proto-layer of welfare state. Even though the system only targets states rather than individuals, is supposed to be temporary, and only includes short-term working schemes (Vandenbroucke et al, 2020[2]), in many ways it has proven to be an invaluable tool to combat the immediate economic fallout of the pandemic. Furthermore, the EU is extending its reach into healthcare too, a second key pillar of welfare state. The details of the European health union, the brainchild of Angela Merkel, are yet to be unveiled, but it is remarkable that, at the onset of the Covid-19 crisis, the Commission was able to put together a mechanism – joint procurement of vaccines and other essential medicines – that it had been demanding since 2007. As for economic governance, the Commission had requested any such mechanism since the SARS and MERS outbreaks, only to face a wall of rejection from the member-states. Such rejections were rapidly set aside in the early days of the Covid crisis, when the Commission not only was empowered to proceed with joint

---

[1] https://voxeu.org/article/european-commission-s-sure-initiative-and-euro-area-unemployment-re-insurance
[2] https://www.economist.com/europe/2021/05/01/the-european-commission-is-becoming-more-powerful-quietly

procurement, but also conducted large investments in manufacturing capacity. At the time of writing in Spring 2021, discussions are being held on constructing permanent instruments of European health governance, empowering the Commission to manage borders, release travel certificates, ensure cross-border recognition of tests and practices, and – perhaps – even constructing mechanisms of solidarity beyond the vaccines burden sharing. The crisis, for instance, has shown how essential is for a polity's own healthcare to ensure security of supply: ensuring sufficient manufacturing capacity through the Union, and of course guaranteeing that markets for such products will remain open within the borders of the Union in case of future pandemics, is the interest of all members. To achieve this, the EU will need to develop central tools to maintain a distributed manufacturing capacity, and novel monitoring mechanisms to ensure that any country where such common capacity is going to be located will not close its borders in the next pandemic.

The European Green Deal (EGD), proposed in December 2019, seems no less transformational. Environmental and climate policy and governance had been steadily shifting to the EU level over the past decades. Policies on renewable energy targets interfered with the right of each Member state to choose their own energy mix, for example, and the 2009 revision of the Emissions Trading System saw a centralization of the process of allocation of emissions permits that seemed politically improbable just a few years earlier. Having long declared its intention to act as a global climate leader, EU policymakers underscored the importance of adopting and implementing its own policies to ensure its global position was built on credibility through action. Nevertheless, advances in environmental and climate governance output slowed after the financial and economic crises from 2008/2009, which moved the EU's climate and environment acquis forward in an incremental step-by-step fashion until 2019. But the EGD breaks the incremental pattern.[3] It brings a systemic, transformational and integrated vision on the development of Europe, requiring decisions across all policies and programs to be in line with the central goals of achieving climate neutrality by 2050 and reducing greenhouse gas emissions by at least 55% by 2030. It sets the tone for transformation in Europe's industry, mobility, buildings, food and energy systems, and prefers 'green' financial investment from public and private institutions. And it opens up space for initiatives at the EU level to develop new policy instruments and strategies (on a Carbon Border Adjustment Mechanism, for example), and approach the reform of entrenched policy areas (such as agricultural policy through the Farm to Fork strategy), that previously were considered politically unfeasible or undesirable.

In sum, these three developments largely widen the capacity of central European institutions to act. The Commission is acquiring new powers: how can it be assured that it is legitimated to use them, when its democratic credentials are often questioned?

2. *Democratic deficit: is this time different?*

This is not the first time issues of democratic legitimacy are raised. Discussions on the EU's alleged 'democratic deficit' routinely emerge during Europe's critical junctures. Having largely lurked in the shadow of the European political debate, concerns over the democratic deficit prominently emerged in the aftermath of the Maastricht treaty, when the German Constitutional Court extended its doctrine of constitutional identity, the French electorate narrowly approved the then-new treaty, and the Danish electorate rejected it. While before Maastricht, the democratic credentials of the EU were questioned only by small groups and were largely confined to the circles of academia or constitutional courts, the political shockwaves generated by the season of Maastricht reverberate still today. While the EU expands its powers to counter the Covid-19 crisis

---

[3] To set the EGD within the context of the historical development of EU climate and environment governance, and its robustness as a policy framework throughout the Covid-19 crisis, see: Dupont, C., Oberthür, S. & von Homeyer, I., 2020, 'The Covid-19 crisis: a critical juncture for EU climate policy development?' *Journal of European Integration, 42*(8), 1095-1110.

and fend-off the environmental catastrophe, the growing assertiveness of constitutional courts – both in healthy democracies such as France or Germany, and in weakening ones such as Poland – endangers the delicate legal equilibrium underpinning the European construction (and with it, its democratic credentials). Irony has it, nonetheless, that *national* democracy is increasingly invoked as a way to counter or even deter the deployment of *supranational* institutions.

To be fair, European institutions are not passively reacting to these developments; within the limits posed by the member-states, embryonic mechanisms to preserve and enhance the EU's democratic credentials – in Brussels as much as in the national capitals – have been put forward. The Conference on the Future of Europe has among its obvious goals the task of developing mechanisms to ensure the democratic evolution of European governance, not just in its institutional setup, but in substantive terms. There is no better moment, therefore, to further explore the alleged EU democratic limitations and what can be done about them. Typically, arguments that the EU suffers from a democratic deficit rely on six broad claims, four of which generally pertain the institutional setup of the EU, and two pertain to substantive issues with regard to the possibility, opportunity and conditions of an EU-wide democracy. The following section will review these six claims. Finally, we will assess how these relate to the expansion of EU policy-making in novel fields, especially when it comes to economic and environmental decisions, discussing in the conclusions possible ways forward.

3. *Sources of democratic deficit*

Typically, constitutional lawyers and political philosophers have identified six sources of European democratic deficit. Four are institutional and procedural, insofar as they pertain to the mechanisms and rules through which the Union reaches its decisions. Two are more substantive in nature, as they pertain to qualitative aspects of the democratic process (at European as much as at any other level). These elements of democratic deficit have been summarized and defined in a comprehensive and (and legally binding) compendium by the 2009 "Lisbon" decision from the German Federal Constitutional Court.

In its famed (and by some, loathed) 2009 case on the Treaty of Lisbon[4], the applicants to Bundesvervassungsgericht rehearse all the main arguments suggesting that the EU lacks sufficient democratic legitimacy to enact the Treaty. The Court sided with them on a large number of practical allegations pertaining to the functioning of European institutions. The Court however did not stop at assessing the lack of institutional mechanisms which make democracy practical. Instead, it provided a deeper assessment of the substantive foundations of the democratic process, postulating three substantive principles of democratic legitimacy (according to them): *electoral equality, free, meaningful and-opinion-forming elections,* and *parliamentary empowerment.*

Following the principle of *electoral equality,* each individual's vote should approximately be equal. It therefore follows (according to the Court) that a series of features of European institutions produce electorally-unequal outcomes. In particular, (i) the regressive proportionality in the country allocation of the European Parliament seats ensures that citizens of small states are structurally over-represented, while citizens of large states are structurally under-represented;[5] (ii) the continuation of veto powers and qualified/double majorities in the Council violates the principle of electoral equality; (iii) the Council, representing only governments despite having legislative functions, excludes the national opposition from participating in the legislative process and offering meaningful alternatives.

The last issue – the capacity of the opposition of offering meaningful alternatives – links as well to the second fundamental principle: the presence of *free, meaningful and opinion-forming*

---

[4]https://www.bundesverfassungsgericht.de/SharedDocs/Entscheidungen/EN/2009/06/es20090630_2bve000208en.htm

[5] Note that, paradoxically, Germany itself does not fully respect this principle in its national elections, since large cities are under-represented in the German parliament

elections. The Court argues that, for a polity to be genuinely democratic, its political outcomes must be the result of elections embodying the electoral equality introduced above. For this to happen in a meaningful way, however, there must be conditions in place. In other words, "Democracy first and foremost lives on, and in, a viable public opinion that concentrates on central acts of determination of political direction and the periodic allocation of highest-ranking political offices" (para. 250). Hence there must be *a common public sphere* where options are debated, opinions are formed, and most-importantly, the opposition is enabled to present its alternative to the public. A common public sphere is a genuinely tricky concept, because it requires a substantive degree of interactions between individuals and social parts, common public "rites" and political events, all of which are further underpinned by material elements such as one's language and culture.[6] Without such a public sphere, the Court claims, meaningful political process cannot take place, and therefore oppositions are unable to offer their alternatives.

Finally, for elections to be *meaningful,* they need to be able, potentially, to change the direction of politics. The Court argues that "The act of voting would lose its meaning if the elected state body did not have a sufficient degree of responsibilities and competences" (para 175), which in practice (as noted above) means that elections should decide upon "determination of political direction" and the "periodic allocation of highest-ranking political offices" (para 250).[7] The principle of meaningful electoral empowerment means that the EU fails by several accounts: (i) its monocratic, "highest-ranking political offices" are not the object of electoral politics; (ii) its Parliament does not have right of initiative on essential matters of politics; and finally (iii) the European Parliament does not deal, not even as a co-legislator, with matters that *define* the core of politics (fiscal and economic matters and foreign policy in particular, in the argument of the Court). Therefore, in the view of the Court, the old principle of "no taxation without representation" is indeed reversed: you cannot have meaningful "representation" if you do not control essential policies (such as taxation).

In sum, the German Federal Constitutional Court argues that the EU suffers from multiple and deep sources of democratic deficit. This ultimately does not matter, in the view of the court, because anyway democracy can only take place within "a people" (which Europeans are not, according to the Court); therefore, the legitimacy of the Union is assured regardless of its democratic deficit, as long as its competences are *derived* from democratically legitimized member-states. This means, in practice, that the EU is in accordance with the German Constitution only as long as (I) it does not acquire the power of redefining its own competences, and therefore (II) all its acts (including those of the European Court of Justice!) are subject to *Ultra-Vires* review by National Courts, i.e. by the Bundesvervassungsgericht itself.

And yet, these limitations notwithstanding, the EU is extending its powers in areas that are identified by the 2009 decision as essential for democracy: fiscal and economic policy, healthcare and the welfare state, security, and environmental protection (whose ramifications encompass the previous three). Even the German Constitutional Court has to deal with the factual reality that it cannot simply provide an *extreme* reading of the German Constitution and mandate a DE-exit. In its follow-up decisions (on the ESM in 2013, on the OMT in 2016, on the QE in 2020, and the preliminary decision on the RRF in 2021), it has always, albeit to different degrees, sought spaces of compromise that safeguarded the prerogatives of German institutions without mandating a deconstruction of the EU. Yet if we spoil the theory of democracy proposed the German

---

[6] For this reason, perhaps, the Court did not go as far as rejecting the interpretation of the German Constitution put forward in Maastricht by Kirchhof (which according to some, bordered an ethnonationalist of the basic law). In fact the Court still claims, in its 2009 decision, that the principle of electoral equality "only applies within a people" (para. 275).

[7] Note that this view establishes a link between sovereignty and democracy. Since only one parliament can *meaningfully* manage essential competences and elect highest-ranking office, the underlying vision of democracy *and* sovereignty presented by the Court are a zero-sum game, whereby if one parliament is truly democratic, then it is also truly sovereign, and henceforth the others cannot. Once again, a quite paradoxical result, one would think, as Germany does have vibrant regional parliaments and elections.

Constitutional Court from its nationalist vestiges, it is clear that the extension of European powers in fields such as borrowing, economic policy, welfare state and environment calls for a strengthening of democratic oversight.

4. *Re-shaping Europe's democracy*

From an architectural point of view, therefore, there are obvious steps to be undertaken to ensure better democratic legitimacy of the EU. Of course, many of them require Treaty Change, and fall somewhat beyond the scope of the Conference on the Future of Europe. Introducing more proportionality in the seats of the Parliament (and, perhaps, electing MEPs in supranational constituencies), ensuring that the Council is composed by elected delegates, giving the European Parliament a formal right of initiative, and directly electing the President of the Commission are all changes that require treaty change. Nonetheless, some of them can be "proxied" by temporary solutions via institutional practices and secondary legislation, perhaps as temporary mechanisms to explore the reach of these initiatives *before* they are enshrined in Europe's constitution by means of treaty change.

With regards to the right of initiative, the Commission and the Parliament could strike an interinstitutional agreement whereby the Commission commits to bring forward legislative proposals passed by the Parliament as *Own Initiative Reports*, if they fulfill certain criteria. While such a measure has been discussed in the past and even promised by the newly elected president Von der Leyen, no such agreement is yet formalized, even though it provides a clear pathway to ensure legislative initiative without forcing treaty change.

With regards to the election of monocratic positions, after the half-failed experience of the Spitzenkandidaten process, the Commission already committed to establish stronger mechanisms of election. Clearly, art. 17.7 of the TEU can work as a legal basis for secondary legislation flashing out the process, respecting the European Council and the Parliament's own prerogatives. Direct election is in fact already possible within the current treaty, and it is more a matter of political will by the relevant actors rather than a matter of institutional or legal constraints. In the framework of the CofEU, the Parliament should seek an interinstitutional agreement aiming to ensure the future viability of the process.

There are, however, issues of democratic legitimacy that arise directly from the latest wave of powers extension. Welfare provisions are indeed the core of contemporary democracies. Yet the role of the European Parliament in instruments of economic governance is nihil, even though treaty change is not necessarily needed to strengthen it. While the treaty specifically provides for the Council alone to hold a vote on the country-specific recommendations put forward by the Commission, the involvement of the Parliament should follow, for the time being, less formalized pathways; this is even more essential nowadays, as the European Semester and its recommendations mechanism becomes the pivotal moment of the EU's economic policy through the RRF. The Parliament should intervene in two stages, negotiating with the Commission on the uptake of the Parliament's recommendations by means of own-initiative reports. In November each year, when the Commission releases its updated economic policy document – the Annual Sustainable Growth Survey (ASGS) – the Commission should (i) ask the Parliament to provide input, and (ii) ask the Parliament to hold a vote on its version of the ASGS in an Own Initiative Report, and then incorporate the changes in the final version. In May each year, when country-specific recommendations and recommendations for the Union and Eurozone as a whole are drafted, the Commission should ask the Parliament to provide input on the latter two, and then incorporate it. Through these mechanisms, the Parliament would have the chance of ensuring greater democratic legitimacy of the Union's economic policy, all the more essential today that financial disbursements will be provided along with recommendations. In time and if successful, such a procedure could evolve into a genuine 'Joint Budgetary Procedure', which would however require Treaty change.

The welfare state pillar – SURE and the forthcoming health union – provide similar challenges. Democratic control of SURE is essential, but for that to happen, SURE needs to become a permanent feature of the EU's policy making. The first step would therefore be for the Parliament to ensure, in the mid-term revision of the Multiannual Financial Framework, annual allocations for the mechanism. In the long term, SURE should evolve in a genuine reinsurance mechanism, and the Parliament should be involved as proper co-legislator in defining the socially and financially salient aspects of the mechanism. Regarding the forthcoming health union, although insufficient details are available as of May 2021, but it is clear that it will at least incorporate a mainstreamed and extended version of joint procurement. In this framework, the Parliament should fight to ensure that such joint procurement is enacted on a cyclical basis and under the ordinary legislative procedure, therefore ensuring for itself the right to amend the lists of medicines object of joint purchase agreements. Going forward, the system may evolve into a mechanism of direct material support to national healthcare systems, in which case the role of the Parliament would be essential in ensuring that such distributive decisions are properly legitimate.

Finally, in environmental and climate policy, expanding the right of initiative to the Parliament, as also discussed above, and ensuring a stronger oversight for and role of the Parliament in the implementation and updating of legislative measures would already help to improve democratic credentials. Generally, both scientific and expert knowledge and citizen participation, including through deliberative processes, appear key to overcoming an inherent challenge or tension in environmental and climate policy making of balancing democratic quality, social-justice and effectiveness. While the EU has a record of relying on robust (mostly natural) scientific evidence on the environmental and climate damage – including from the Intergovernmental Panel on Climate Change, the European Environment Agency, and many other international and European scientific organizations and universities – it has hardly any experience with deliberative processes of citizen participation, relying instead on chains of representation through MEPs and Council. The Parliament's role in connecting with citizens should be more clearly emphasized. The Commission launched the European Climate Pact in December 2020 to connect to citizens in the development and implementation of local level climate and environment solutions, but this sort of citizen interaction is an unnatural step for the Commission. Furthermore, much of the EU's environmental and climate acquis is already adopted through the Ordinary Legislative Procedure. In this regard, the main challenge has long been and remains a greater oversight of implementation. An enhanced role for the Parliament in monitoring and overseeing implementation will be important to keep pressure on member states to ensure they remain on track to achieve objectives. As new knowledge becomes available, the Parliament could also initiate new proposals, and play a stronger role in updating legislation, including through (a reformed procedure of) delegated acts.

5. Concluding remarks

As discussed in this Chapter as well as in other contributions in this collection, the EU is extending its reach in new fields. These developments can produce genuine transformative effects on European societies, and mark a new season in the EU's political development. The fundamental challenge ahead will be to strike a compromise between the need for new instruments while respecting or even enhancing instruments of democratic participation. In this regard, we believe that the European Parliament needs to become the centrepiece of European governance, evolving past its role of simple democratic 'oversight' of European acts to grow into a fully legitimate legislator. In this contribution, we analysed how progresses across multiple policy areas, are interconnected and constitute a genuinely novel challenge for democratic legitimacy. We believe that the Conference on the Future of Europe, even if it does not lead to constitutional change, is ideally placed to constitute the forum to develop these novel informal mechanisms to extend the EU's democratic legitimation.

10. Fiscal rules and government revenues post-covid: is there an empty chair at the global tax summit?

Luis André Pinheiro de Matos

The pandemic taught us some hard lessons: a particularly useful one is that certain goals cannot be achieved without international cooperation. The European Green Deal, already announced before the pandemic hit, is one such example. In terms of its immediate policy scope, it can obviously be considered as a European policy. It will however fail miserably on its own, if it cannot reach a global reduction in greenhouse gas emissions, and this is impossible without engaging with global political powers. The main challenge is thus geopolitical: will Europe be able to lead the global transition to a carbon-neutral economy? At the end of April, two positive signs emerged on this front: on the one hand, a deal was reached between the European Council and the European Parliament on the environmental targets to be embedded into EU legislation under the new EU Climate Law, and, on the other hand, multilateralism appears to have been restored on climate policy after the virtual Climate Summit at the White House, ahead of the 26th UN Climate Change Conference (COP26) in November. Another example, with many spillovers with the global climate challenge, is the global tax challenge. Effective tax reforms in the coming years will also need to achieve a global impact.

As the pandemic is coming to an end, the world debt stock nears 350% of global GDP. In the EU, current scenarios point towards a government debt-to-GDP ratio above 95% and deficits above 5% in 2021, up from 80% and 1%, respectively, in 2019. Looking at the old Continent two questions arise. First, how will the European fiscal architecture adapt to the new high-debt environment, while at the same time ensuring adequate levels of investment and sustainable growth? European fiscal rules, albeit temporarily suspended, will likely return in 2023, at the latest, with a possible transition period. If old recipes are to be discarded ahead of new challenges, at least two ingredients must be reinstated into the new fiscal menu: public investment and a stronger medium-term focus. Yet, the lack of clarity – together with the fresh memory of the sovereign debt crisis – may be already taking its toll, holding government fiscal responses back and delaying European recovery. Second, while a new fiscal framework is paramount, current tax systems are unfit for the challenges of the twenty-first century. Old taxes must be redesigned, and new forms of revenues integrated into a reformed tax system.

1. *Fiscal rules for the Fiscal Union: look deeper*

How should the new European fiscal architecture look like after the pandemic crisis is over? One step back is needed first. The EU economy is only beginning to recover from its worst recession and will start the decade in a worse position than other regions in the globe, probably lagging further behind over the coming years. As the vaccination process seems to be finally gaining some steam and the block starts emerging from the storm, it is also very likely to do so at different speeds. The 2008 financial crisis and the inadequate fiscal and monetary responses to it made clear the costs of turning on the monetary taps too late and turning off the fiscal taps too soon. Lessons have presumably been learnt on the monetary side, with a swift response from the ECB, but it remains to be seen whether the fiscal response is now more adequate than a decade ago and fiscal coordination is not only a short-lived pandemic delusion. Focusing on the fiscal side, in 2020, the speed, magnitude, and type of response were unprecedented and effectively shielded the economies from mass unemployment and widespread bankruptcies. In a context of a

fragile labour market and weak balance sheets for hardest hit firms, the major challenge now lies on the withdrawal of public support measures, including employment programmes, direct firm subsidies, debt moratoria, and government-backed loans. Yet, the gradual move from a wide safety net approach towards more targeted actions will certainly prove harder than it looks in theory (be it because of the blurred distinction between illiquid and insolvent companies, or the strengthening of employment incentives to support transition in a depressed labour market) and will require fiscal space. Next Generation EU (NGEU) funds and other temporary support instruments like the SURE programme are welcome, particularly for the most affected countries, but will not and cannot do all the work – and eventually will end up meaning more debt. With debt and deficits at historical levels in the euro area (around 98% and 7% in 2020, respectively), for national fiscal taps to work adequately, knowing what the water bill will look like is crucial. Certainty is thus needed – now more than ever – on the fiscal rules and the possible transition period, as the EU economy will be navigating troubled waters.

There are two main ways of reforming the current EU fiscal rules framework. One is by re-interpretation, another is by the introduction of new legislation that would partially overrule the current framework. Fiscal policy has become increasingly pro-cyclical and this self-defeating property of European public finances can be amended in different ways. The easiest form, by re-interpretation, requires minor amendments to the current framework, and its key is essentially to enable the general escape clause to be used more often. This can be achieved by including a single escape clause, one of the proposals of the European Fiscal Board, and would strengthen two properties of the current framework: the ability to respond swiftly to unforeseen events, while reducing its legal complexity. This first option would probably suffice to enhance macroeconomic stabilization in times of economic downturns, have the benefit of simplicity and, for the time being, of political feasibility. Nonetheless, it would miss a few points and leave behind important shortcomings of the current framework. These can only be achieved by shifting the focus from short-term rules towards medium-term sustainability. As they stand, current debt and deficit rules have little chance of being re-enacted, insofar as they would imply the same ineffective recipe from a decade ago: another long, painful fiscal adjustment that would lead to further divergence within the euro area.

There is thus a unique window of opportunity to repair the fiscal pipeline from within and, at the same time, enhance fiscal coordination. Beyond medium-term fiscal targets (which could very well work as a fiscal "forward guidance" mechanism, much like the ECB's inflation target and its regular communitcations), the fiscal outlook can only improve through structural reforms and investment in key areas, including the environment, health, and education. If the current crisis has shown discretionary fiscal policy can be a powerful tool, the main challenge of the new fiscal framework is to steer the aggregate fiscal stance in the right direction over the medium term. This implies ensuring macroeconomic stabilization properties, as well as improving the quality of European public finances, promoting "good debt" and a better composition of public spending, as well as good governance and enhanced control and surveillance mechanisms. Rather than shaping aggregate fiscal policy around short-term nominal targets, most of it can be done by reinforcing the surveillance and advisory role of the European Fiscal Board (as well as of national fiscal advisory institutions), actively promoting evidence-based decision-making, and broadening the "preventive" and "corrective" arms in the context the European Semester.

If recent years have made clear that the EU wants to be at the forefront of sustainable finance, it is also vital to promote sustainable public finances. Hence, the next step – after having launched a new taxonomy to qualify economic activities (and, thereby, financial assets) based on their "sustainability" or "greenness" – is to reform the EU fiscal framework, ensuring compliance with the same high standards and promoting more environmentally and socially sustainable public finances, as well as better public governance. However, while the discussion has so far focused on the "rules" side of the European fiscal architecture, a broader reform remains to be accomplished:

the strengthening of a permanent fiscal capacity. As the discussion around Next Generation EU funds and their financing is showing us, this is where the real challenges rest.

2. *Fiscal revenues in the Fiscal Union: it's time to talk about taxes*

A common EU fiscal policy has begun to slowly emerge in response to the devastating human, social and economic toll the coronavirus pandemic left behind – as it also left abundantly clear that the fiscal architecture of the monetary union cannot only rely on monetary policy, fiscal rules, and well-written speeches. Beyond the expenditure dimension of the NGEU programme – which only few observers will dare to rate with any adjective less than ambitious – the EU's decision to raise common debt on large scale is unprecedented. This first experiment with common debt issuance will be key: on the one hand, if not properly managed, the initiative will be quickly discredited, particularly if NGEU funds are not used up to the best standards. On the other hand, if the experiment proves successful, the path could be open for the issuance of Eurobonds for large scale European programmes. Even the so-called "frugal" Member States could indulge in the delights of well-designed European expenditures.

Having asserted a way forward on the expenditure side, it is time to shape the revenue side, as Eurobonds will sooner rather than later translate into own EU revenue sources. Last summer, EU countries agreed in principle that the European Commission would need "own resources" and should come up with a proposal, but the form of such resources is proving difficult to come by. While the formal proposal should not be presented before June, current discussion points towards a three-way approach based on environment and digital taxation: the expansion of the current EU emissions scheme, the establishment of a new carbon border adjustment mechanism and the introduction of the long-discussed levy on digital companies. The move is on the right direction – as digital and green taxes will no doubt be part of the tax menu of the twenty-first century.

Nevertheless, it faces several challenges, namely on political, legal, and on economic grounds. On political grounds, beyond the general reluctance of EU countries to share their tax base, the expansion of the EU emissions scheme is likely to disproportionately hurt Member States with a higher reliance on emission-intensive industries and with a more polluting energy mix. The political challenge connects with the legal challenge, as an expanded EU emissions scheme should be accompanied by the creation of a carbon border adjustment mechanism (CBAM), not only to deal with the political backlash from within the bloc, but also in terms of economic efficiency, to avoid what is known as a "carbon leakage" towards carbon-cheap economies. The design of a CBAM is not only challenging from the technical point of view[1], but it also poses legal and political challenges, which would ultimately limit the extent to which the European Commission can use revenues from the CBAM as own resources for the purpose of the EU budget. Specifically, in order not to be deemed as a protectionist instrument, both in the framework of World Trade Organization rules and by trade partners, the revenues from the CBAM would likely be re-directed towards mitigation projects in those regions most affected by the consequences of rising global temperatures or foster transition towards a low-carbon economy in countries where the taxed products originate. On the other hand, a new digital levy will raise

---

[1] By and large, a carbon-border adjustment mechanism (CBAM) can either be targeted – namely, with the introduction of a "green tariff" over specific industries (those identified as most polluting and at greater risk of facing significant carbon leakage) – or it can be applied across most industries (those which also face environmental taxation at the domestic level, which currently represent about 40% of EU emissions), in which case the carbon content of all products must be traceable and accounted for. Although the technical challenges would be smaller with the first option, a CBAM based on a more targeted or sectoral approach is likely to prove of limited effectiveness, as it could generate a significant substitution effect, resulting in an increase in imports of those products that are not subject to the tariff, but which incorporate raw materials from industries that are subject to higher taxes and stricter environmental regulations.

eyebrows in Member States with greater exposure to digital giants and with the EU's main trade partners.

Finally, on economic grounds, a levy on the ever-growing tax base of those industries that can reap the highest benefits from the digital economy can certainly be deemed as fair and can be efficiently designed. Nevertheless, green taxes (including the emissions scheme or the CBAM) will be levied on an uncertain and vanishing tax base – specifically, if Member States are to abide by the future Climate Law (and its partners by the goals set in the Paris Agreement), a tax base that will shrink by 55% until 2030 and by close to 100% until 2050. Hence, although digital and green taxes are welcome – namely as a corrective price mechanism – they cannot provide, on their own, the solution to generate new tax revenues within the EU and neither do they provide a stable spring of "own resources" for the common budget.

Any increases in taxes in a moment when the world economy is only beginning to recover from its most devastating pandemic in a century will be met with scepticism by the most affected industries and by a large fraction of the population. Yet, this is also the reason why there is now a once-in-a-generation opportunity to act boldly and justify ambitious political choices to an increasingly fractured and apprehensive electorate. To be accepted and widely understood by the population, and ultimately achieve their goals, ambitious reforms need to be timely. One issue recently made clear that the EU once again lags behind its American partners, and this was not the speed of vaccination.

The debate on corporate tax reform in Europe has quietly circulated for years (if not decades) in EU corridors and, within the OECD, ambitious reforms have already been carefully outlined. Until President Joe Biden and Janet Yellen, the US Treasury Secretary, recently endorsed a proposal to increase corporate taxation and to reach a global floor for corporate taxes it all seemed doomed to remain at the backstage of politics. Yet, momentum has now suddenly arisen, with clear political commitment from global leaders, and it is now up to the EU to grasp the opportunity to bring tax reform to the centre stage of the political debate.

These proposals could hardly be timelier. Firstly, they respond to the medium-term pandemic need to raise more government revenues, not just own revenues for the EU budget. EU corporate tax rates are lower, on average, than in the United States and several OECD countries (both EU Member States and non-EU Member States) have special provisions in the tax system that make effective tax rates for multinationals even lower. More than responding to the need to raise "own revenues" to cover for NGEU financing needs, an agreement on corporate tax reform would signal political willingness to modernize an outdated tax system and the commitment to respond to historically high public debt levels. In addition, the proposal to tackle aggressive tax planning would specifically address the issue of taxing multinational companies, namely by considering the share of sales in host markets. If approved, such changes would not only raise effective tax rates but also broaden the tax base and help to modernize tax systems in a growingly digital global economy. While "big tech" companies have been at the epicentre of landmark disputes for arguably breaking competition law in the internal market, current proposals go beyond the digital industry and target large companies across all sectors, which can be seen as a fairer system and, perhaps most importantly, more transparent, easier to legislate and to administer, as well as more politically feasible, as Member States, particularly in the case of a sales-based approach, will have it more difficult to argue on the grounds of unfair treatment or of disproportionate economic impact of the reform.

Finally, it would also have the benefit of creating a common platform to bring the EU, the US and any other countries willing to join a tax harmonization agreement to a negotiation table, able to profit from the ground-breaking work developed by the OECD over the recent years, namely in the context of the BEPS framework and the GloBE proposal.[2]

---

[2] The BEPS ("Base Erosion and Profit Shifting") framework proposes a series of reforms that governments can adopt to tackle tax avoidance and has enabled cooperation between 135 jurisdictions and supported implementation of reforms at the national level. The GloBE (Global Anti-Base Erosion) proposal puts forward a two-pillar framework

The best chance EU countries have to accomplish a well-designed fiscal architecture within the bloc, ensuring fiscal sustainability for the EU budget as well as for EU Member States, is to shift the focus beyond short-term fiscal targets and tomorrow's politics, and think long term. It's time for the EU to grab the baton and lead the international orchestra on fiscal reform and on the transition to a digital, sustainable and fairer global economy.

---

for the definition of taxing rights between jurisdictions and for the coordinated adoption of a common set of rules to address profit shifting.

11. Climate sustainability and global competition: the European Union's difficult dilemma

ZOLTÁN POGÁTSA

The European Union is facing an almost impossible dilemma. It needs to implement the necessary adaptations to reverse climate change, while simultaneously it needs to reaffirm its position in the global competition between major regional blocks. In certain ways, these two ambitions are contradictory. This paper attempts to outline why this is so, and how this intricate dilemma can be solved.

The challenges facing the European Union today might be summarised in the following, in decreasing order of importance.

1. *Reversing the climate crisis.*

As we know, we are no longer only approaching the climate crisis, we are already in the middle of it. According to climate scientists, we are on a trajectory of global catastrophe, with environmental, social and political affects already shaping our present. As we are well aware, according to the Paris Agreement of 2016, within the framework of the United Nations Framework Convention on Climate Change, we need to *decrease* global CO_2 emissions if we are to reverse the emerging catastrophe.

This has not been happening. Global CO_2 emissions have continued to *increase* since the 2016 agreement, which is clearly a failure. It is also often pointed out by climate activists that even if all the national pledges would be met, which we know will not be, we would be heading not towards the much advertised critical 1.5 celsius line, but towards 2 degrees celsius or more. This is because the 1.5 degrees limit was calculated based on models that encompassed carbon capture technology. We should be well aware that this technology cannot be scaled to global proportions. It would require plantations two to three times the size of India. This is clearly not a realistic scenario. Therefore, we should be aware that even with the unlikely fulfilment of the national pledges the limit of irreversibility would be breached.

However, we are clearly not meeting the national pledges. Global CO_2 emissions have been rising rather than decreasing. According to the UN Environmental Programme, with current trends we are heading towards a 2.8-3.2 degrees scenario. Instead of the increase, global emissions reductions of 7.6% would be needed for at least a decade to achieve the Paris goals.

As Jason Hickel[1] argues, it is time to accept that only degrowth would bring about the necessary reduction in emissions. The continued growth of our economy necessarily results in increased emissions. It is an illusion to believe that an ever-growing economy can exist with decreasing or even stable emissions. Industry and agriculture clearly come with emissions. The service sector, which is often believed to be immaterial and therefore emissions free, requires offices, transportation, electricity, server parks, heating and cooling, that is, material inputs that also increase emissions. Our economies have been increasing in an exponential way in recent decades, and it is flawed to believe that they can continue to do so. Only the acceptance of degrowth will achieve lower emissions.

---

[1] Hickel and Jason, 2020, *Less Is More: How Degrowth Will Save the World*, London, William Heinemann.

Some European Union member states believe they have demonstrated that this decoupling between growth and emission is possible, and that they have achieved it. However, this is yet another delusion. The primary reason why advanced economies have been able to achieve reduced emissions with a growing economy has been the outsourcing of physical production to emerging economies, predominantly China. While the structure of these advanced economies has indeed been transformed, their consumption is not responsible for less emissions. It is only that these emissions do not take place on their own territories, but halfway across the globe, as the products manufactured there are then imported to the advanced world. The consequence of this altered configuration is that CO_2 emissions have been rising wildly in manufacturing economies such as China, and also in international transport (predominantly container shipping and road cargo, but not exclusively). Viewed holistically, overall CO_2 emissions have increased rather than decreased, but the new arrangement makes advanced economies, including many EU economies look good

As Hickel points out, installing sustainable forms of energy all over the world have not resulted in decreased CO_2 emissions. This should make us think. It must also be stressed that CO_2 emissions are not the only negative environmental consequence of a growing economy. Ever increasing economies require ever increasing raw materials, and result in ever growing pollution of all sorts as a side effect. It also causes the rapid decline in biological diversity and the depletion of soil quality. As Hickel and others stress, concepts such as 'sustainable growth' and the 'circular economy', on which the European Union's green agenda is based, are fallacies and delusions.

Only the acceptance of degrowth would result in the European Union becoming sustainable in a meaningful sense that would enable us to contribute to reversing climate change. However, not even economics as an academic discipline is willing to accept this reality, not to speak of business or politics. The political economy of the European Union is stacked against this acceptance, especially in the constrained time frame left available.

2. *Global competition: the challenge of China.*

Recent decades have revealed two parallel processes. The economies of democratic "Western" states have slowed down considerably, while authoritarian China has demonstrated astonishing economic growth, never witnessed before in human history, with the possible exception of a few smaller neighbouring Far Eastern developmental states.

Whereas in the second half of the 20th century China had experienced mass starvation several times and the country's level of development was far below the global average, President Xi Jinping could declare in 2021 that China has effectively eradicated poverty. Even Western observers do not doubt this success. The West had remained complacent for many decades, in the belief that in spite of the superb growth rates China's challenge would only materialise once its GDP/capita would approach that of the First World, which was still perceived to be far off in the future. In the meantime, the irreversible integration of transnational production chains was proceeding, and Western firms became critically dependent on the gigantic growth market of China. What the West missed was that China overall does not need to become a First World nation before its most technologically advanced cities would be capable of producing technology that would pose an immediate challenge to the supremacy of the West. Today, this is the case. China has become a global technological leader in areas as varied as 5G mobile communications, artificial intelligence, solar power, nuclear construction, drones, high speed rail and many others. The technological challenge suddenly became so obvious that President Trump initiated a trade war, as well as a technological embargo pertaining to mobile operating ecosystems and semiconductors. The world is left to wonder whether technological decoupling at this global scale is even possible after so many decades of intensive integration.

In spite of a lack of democracy, China's population is measured by all surveys to be extremely loyal to the Communist Party. This is not a surprise, as two generations have now seen their standard of living increase in a sustained way, along with the international prestige and

influence of their nation. Simultaneously, confidence in democracy in the West has been undermined by numerous factors. Amongst these is the growth of enormous social inequalities, with the western middle and lower classes increasingly left behind, as demonstrated by the famous "elephant graph" of Lakner and Milanovic[2]. According to international surveys, trust in democracies has declined markedly in recent decades, exactly at a time when the success of the Chinese authoritarian state developmental model has gained a convinced following not only in China itself, but also globally.

The reason for the faltering of the democratic model had mostly to do with the onset of neoliberalism. Lower taxation and constant austerity lead to a decidedly unfair model of capitalism, with much less effective competition and more oligopolies, as well as state capture by oligarchs and large corporations. All this is of course completely contrary to the self-justification of the neoliberal movement. Unfortunately, the European Union was also taken over by this wave. The handling of the Eurozone crisis demonstrated how the Troika became an enforcer of austerity in the eurozone periphery from Ireland to the Mediterranean. Instead of its officially accepted Lisbon/Europe 2020 strategy, which would have based Europe's competitiveness on investment into human capital and sustainability, the effective policies enforced by the Commission and the Central Bank went directly against this mandate. This resulted in a massive loss of economic potential for the EU, especially in the Eurozone periphery, as well as declined support for European integration, and a loss of the EU's international prestige. Since the EU was meant to represent democracy, human rights, peaceful coexistence, sustainability and the European social model, all these different causes also suffered globally as a consequence of the marginalisation of the European Union vis-á-vis national governments. In this process, Brexit was only a symptom.

3. *The Challenging Paradox: growth or degrowth?*

The output legitimacy and the newly found prestige of the Chinese model is undoubtedly based on sustained superfast economic growth. The success has been reached not simply by switching to capitalism from communism, in spite of all the remaining symbolism. The key is the switch to one particular variety of capitalism, the Far Eastern Developmental State model, practiced previously by states such as Japan, Singapore, Taiwan and South Korea. By contrast, economic growth in the West has slowed down considerably after the introduction of neoliberalism in the 1970s, in spite of the promises of this ideology to unleash the creative potential of capitalism. Exactly the opposite has ensued.

This would suggest that the West would now have to gather its strength, reconsider its socio-economic strategy, and compete with China in the domain of economic growth. This, however, is impossible. Even if there was no climate crisis, it is a well-known and empirically proven fact in economics that less developed economies have a better chance to attain higher economic growth. As they develop over time, growth tends to slow down. Therefore, the considerably more developed European Union is unlikely to outperform China in growth.

The climate crisis, however, is a much more significant factor. As we have already emphasised, Europe and the wider developed world has to come to terms with the end of the era of growth. In order for less developed areas of the globe to attain an equitable standard of living without global CO_2 emissions rising further, the developed world has to decrease its consumption. To be more precise, that part of the developing world which is responsible for the largest share of CO_2 emissions. According to the famous "champaign glass" chart of Oxfam, this is the global top 20%, who are responsible almost two-thirds of all global CO_2 emissions, while the bottom 50%

---

[2] Lakner, Christoph, and Branko Milanovic, 2016. "Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession," *World Bank Economic Review,* 30(2): 203–32.

for no more than 10% of emissions. The imperative of reduced global emission reductions necessitates both a global and a national redistribution of consumption.

It must therefore be clear that the EU cannot and should not compete with China in terms of economic growth. The question then becomes: what would make Europe's model more attractive than China's? The answer is simple. Exactly the issues that had been identified in which Europe had wished to become a global leader, but from which Europe had strayed: democracy, human rights, social fairness, sustainability and international coexistence.

The recent turn in the dominant economic paradigm provides a basis on which we can believe this to be achievable. It seems that there is a major shift in the dominant paradigm roughly every fourty years. The first such shift took place with the publication of John Maynard Keynes' *General Theory* in 1936, which ushered in the Keynesian welfare state era. Another shift came in the 1970s, with Milton Friedman's critique of Keynes in the context of stagflation, which in turn prepared the way for neoliberalism. The latter collapsed with the 2008 Great Financial Crisis, but it is only with the 2020-21 Covid crisis that we see a clear break from it. Quantitative easing in monetary policy was a first tentative step, but it was only with the direct income support in the United States, sanctioned by both presidents Trump and Biden, that we moved beyond state bailouts of corporations rather than citizens. President Biden has shifted the focus radically. With his child support scheme, his raising of taxes rather than continuing to reduce them, his enormous infrastructural and sustainability programme, and his plans for a global minimum corporate tax rate in order to eliminate offshore tax havens he has clearly reversed the dominant economic policy paradigm.

The European Union has moved in the same direction, although tacitly. Important steps include the long overdue acceptance of the common European bond, the dropping of the previously sacrosanct budget deficit fetish to enable anticyclical spending, as well as the sustainability priority in the Recovery Fund. These are all steps in the right direction. However, a lot more has to be done, and urgently:

The EU has to accept and embrace the *degrowth* agenda, as argued for above. It has to provide an example for other regional blocks by demonstrating that quality of life does not depend on unsustainable economic growth, but on equity, solidarity and sustainability. The EU has to strengthen its acquis to enable it to act decisively against member state governments that shift from a *democratic* to an authoritarian logic. The EU has to be able juxtapose itself to China as the model of successful democracy that serves the interests of all its citizens, not only the rich and powerful, as in recent decades.

Implementing a real social model is crucial in making the above two goals successful. Empty and symbolic talk about a social pillar/dimension is not enough in this respect. The EU has to embrace the *European Social Model* which today is only operational in certain member states, but not at the community level. The acquis has to include minimum levels of taxation (supporting Biden's proposal), strong trade union rights and wage bargaining, investment into education and healthcare to guarantee equal opportunities and social mobility. Making the above successful requires clamping down on *corruption*, which is rampant in many Southern and Eastern European member states. It also includes eliminating *tax havens*, which is the de facto arrangement in many Western European member states and ex member states today.

The challenge is made even more difficult by the fact that the European Union has served as the model region for peaceful international coexistence. After too many bloody wars, European nations were finally able to lay aside historical antagonisms, and to work together to achieve peaceful coexistence and cooperation. In a world where conflicts between the West on the one hand and an alliance of Russia and China on the other hand are increasing in intensity, the role of Europe as a *peaceful mediator* is vital for humanity as a whole. The rivalry between authoritarian states and democracies must remain peaceful. The current critical situation cannot be blamed on one side only. The West has also taken part in the escalation of the situation. Europe must therefore play a cardinal role in mitigation and de-escalation.

12. Decentralizing and Democratizing
while Reforming European Economic Governance

VIVIEN A. SCHMIDT

The Covid-19 pandemic has been something of a wake-up call for Europe. The EU finally recognized that the Eurozone economic policies it had been pursuing since the 1990s, which had been further reinforced at the beginning of the Eurozone crisis in 2010, had been deleterious to the well-being of EU citizens and to the planet. The obsession with 'governing by rules and ruling by numbers' through the Stability and Growth Pact, focused on low deficit and debts, meant that the EU had failed to invest in its future. Such rules and numbers ensured that those without the 'fiscal space' could not invest (read Southern Europe), while those with the fiscal space did not invest (Northern Europe). Overall, the EU's eurozone governance led to what I have called the EU's 'crisis of legitimacy,' in which doubling down on the procedural rules led to poor economic performance and increasingly toxic politics.[1]

The shift to Next Generation EU, by promising investment in the green transition and the digital transformation while addressing social inequities, combined with the Resilience and Recovery Fund for countries most in need, is a major step forward in Eurozone economic policies and governance. But while it represents a new beginning in terms of the policies, these need to be reinforced by new instruments to promote EU-wide sustainable development while the governance itself needs to be decentralized and democratized.

For the instruments, the EU needs to build on the pandemic Next Generation EU response – making it permanent and much bigger – while empowering the ECB to do more with regard to its secondary objectives on unemployment and greening the economy. For the governance, the Eurozone needs to develop a process that is more democratic, with flexible guidelines and macroeconomic and industrial policy dialogues allowing for greater participation by the social partners and citizens along with parliaments. However, for any such decentralized and democratized Eurozone governance to be implemented, we also need to reconsider the institutional arrangements.

1. *ECB Monetary Policy and Macroeconomic Coordination*

There are many new ideas about what the European Central Bank (ECB) could do to further enhance the EU's economic prospects through its role in monetary policy and macroeconomic coordination. In the pandemic, it has already gone very far through its Pandemic Emergency Purchasing Program, but there are many more initiatives possible, most currently under discussion, none taken up for the moment. Foremost among these would be for the ECB to move from an almost exclusive focus on the primary objectives set out in its Charter to the secondary objectives. This could mean giving itself a target of full employment on a par with fighting inflation; ending 'neutral' bond-buying (meaning stopping buying the bonds of polluting industries); creating green bonds for the environment; or even providing so-called 'helicopter money' to offer direct support to households in need. Finally, it would be extremely useful to create an EU safe asset while solving the problem of national debt overhang (since debt

---

[1] Vivien A. Schmidt, 2020, *Europe's Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone,* Oxford, Oxford University Press.

restructuring by country is not feasible) by having the European Stability Mechanism buy a portion of the sovereign bonds held by the ECB.[2]

Importantly, in making any such moves, the ECB would benefit from enhancing its accountability and transparency while democratizing the process. One such way could be to increase ECB accountability to the European Parliament, say, through formal requirements for ECB-EP dialogues. Another would be to create venues for more democratic debate and deliberation on EU macroeconomic governance. Let's call it the 'Great Macroeconomic Dialogue,' with a yearly or biannual conference to outline the grand economic strategies for the coming year, making for a space for dialogue between the ECB and other actors—including not just with the EP but also the Commission and the Council as well as with representatives of industry, labor, civil society from across Europe. Naturally, the ECB would retain its Charter-based independence to pursue the policies it deemed most appropriate, but it would at least be able to legitimate any bolder actions with reference to 'political guidance' offered through the Great Macroeconomic Dialogue. Such a process would arguably provide the kind of legitimacy afforded to national central banks, which operate in the shadow of national politics, by putting the ECB in the shadow of EU level politics.

2. *EU Industrial Policy and the European Semester*

The EU has also made a great leap forward through the Next Generation EU, focused on investing in the green transition, the digital transformation, and social equity, together with the temporary Resilience and Recovery Fund (RRF) targeted to member-states most in need. But this kind of industrial policy needs to be reinforced through the development of permanent EU level debt that could provide investment funds for all member-states on a regular basis. Think of a permanent RRF as an EU wealth fund, akin to national sovereign wealth funds, which issues debt on the global markets to use to invest through grants to the member-states in education, training, and income support; in greening the economy and digitally connecting people; as well as in big physical infrastructure projects.[3] It could also be used to invest in EU level cross-border endeavors as well as for redistributive purposes through a range of innovative EU funds, including an unemployment reinsurance fund, a refugee integration fund (for countries taking in higher numbers of asylum seekers),[4] an EU fund for just mobility (focused on brain drain), or even a poverty alleviation fund—although other EU own resources could instead be provided for these initiatives.

With such new industrial and social policy initiatives, the next question is how to ensure that they succeed. For this the European Semester is the ideal vehicle for oversight and assistance, but only if we rethink both its purpose and its rules. Clearly, the Eurozone's restrictive deficit and debt rules, reinforced during the Eurozone crisis, did not work, and in any event need to be changed to meet the new circumstances and goals. But rather than simply readjusting the rules and numbers, they should be permanently suspended, to be replaced, say, by a set of 'fiscal standards' to assess sustainability in context.[5] But if this is not feasible, then a much more flexible set of rules needs to be developed, focused on counter-cyclical economic policy, with more fine-tuned assessments of where individual member-states sit in the business cycle in relation to

---

[2] Avgouleas, Emilios and Micossi, Stefano, 2020, "On Selling Sovereigns held by the ECB to the ESM: Institutional and Economic Policy Implications," *CEPS Policy Insight* PI2021—04 (March) https://www.ceps.eu/ceps-publications/on-selling-sovereigns-held-by-the-ecb-to-the-esm/

[3] Lonergan, Eric and Blyth, Mark, 2018, *Angrynomics* London, Agenda, pp. 132-141

[4] For example, a "European Integration and Development Fund" for municipalities, as described by Gesine Schwan, 2020, in "A fair, humane and realistic asylum policy," *Social Europe* Dec. 10.

[5] Blanchard, Olivier, Leandro, Alvaro, Zettelmeyer, Jeromin, 2021, "Redesigning EU Fiscal Rules: From Rules to Standards," *Peterson Institute for International Economics* Working Paper WP 21-1 (February)

deficits and debt as well as growth outlook and prospects of meeting investment targets. Flexibility needs to be the watchword, sustainable, equitable growth the objective.[6]

Moreover, public investments (industrial and social) deemed to benefit the next generation should not be counted toward deficits or debt (known as the Golden Rule for public investment). In fact, in this environment of extremely low interest rates, with the ECB engaged in extensive quantitative easing, public debt itself could be ignored if it is sustainable (meaning the government can borrow at a rate lower than the average rate of growth of GDP). Otherwise, raise taxes.[7] One of the lessons of the past decade is that you cannot cut your way out of public debt through austerity; the only way out is through growth. In this vein, another initiative should be to eliminate the debt brake from national constitutional legislation, which was a major hindrance to investment even in countries with the fiscal space to invest but did not.[8]

3. *Decentralizing and Democratizing the European Semester*

European Semester procedures also need to be reimagined. The Semester provides an amazing architecture for coordination, but for what purpose? At the inception of the Eurozone crisis in 2010, it was converted from a soft law coordinating mechanism (akin to the 'open method of coordination') into a top-down punitive mechanism of control which was then eased (beginning in 2013), by being applied with greater and greater flexibility in order to ensure better performance. Today, in light of the pandemic response, the Commission's mission has changed, largely leaving behind its roles of enforcer and then moderator in the Eurozone crisis to promoter of the new industrial policy initiatives through the National Resilience and Recovery Plans (NRRPs). These are now much more akin to bottom-up exercises by member-state governments, at the same time that the Commission still exercises oversight and makes recommendations for reform.[9]

The question here is what is the best way to exercise coordinating oversight while decentralizing and democratizing the process? For overall grand strategy, indeed, in view of building strategic autonomy, a new industrial policy dialogue with all the stakeholders would be ideal (although it could also be part of the Great Macroeconomic Dialogue), to set overall targets and goals, say, for greener investing and addressing social inequalities. But of equal importance would be to decentralize the planning process for National Resilience and Recovery Plans (NRRPs) to regional and local levels while democratizing it procedurally, by bringing in the social partners and civil society actors, as well as politically, by including parliamentary actors. In this context, the existing fiscal boards should be transformed into industrial policy advisers and the competitiveness councils into industrial policy councils. Moreover, while national governments should take their plans to their national parliaments for approval, the EU should involve the EP much more at different stages of the European Semester (in particular because of the redistributive function of the RRF). In addition, the European Semester needs to be fully linked to the Social Dialogues in context of European Pillar of Social Rights.

Finally, with all this new investment capability at the EU level – not just the RRF but also SURE, the employment support vehicle put in place at the time of the pandemic, and other potential funds, the EU arguably needs a more centralized institution to manage the funds. For

---

[6] Think of Italy, which has had a primary surplus all these years, and yet because it had to finance its debt overhang (accrued in the 1980s), has been unable to invest in growth-enhancing areas, indeed, had to cut back in those very areas…to its great detriment in terms of paying down the debt or in responding to the pandemic.

[7] Lonergan and Blyth *Angrynomics*.

[8] Think in particular of federalized Germany, with the Länder responsible for university education, and local governments for local infrastructure. The rules limited new investment for the poorer (and therefore already more indebted) regions and localities, thereby increasing inequalities among sub-federal units while stunting growth potential. See: Alexander Roth and Guntram Wolff, 2018, "Understanding (the Lack of) German Public Investment," Bruegel blog post, June 19.

[9] Marco Buti, Head of Cabinet of Commissioner Paolo Gentiloni, sees it as the move from 'referee' to 'investment enabler.' Talk at the *Center for European Studies*, Harvard University, April 14, 2021.

this, a new EU fiscal authority, with a new 'High Authority for Financial Affairs, would be another idea – one floated by Emmanuel Macron himself a few years ago.

4. *Obstacles and Stumbling Blocks*

The EU faces many possible obstacles and stumbling blocks with regard to implementing many of these new ideas. Political divisions remain in the EU Council, in particular between the so-called Frugal Four Plus, who insisted that the RRF be temporary, and had opposed any grants at all. If the RRF fails to deliver on growth or if the extra investment is not used wisely in the main countries targeted (Italy and Spain), enthusiasm will wane, and the likelihood of creating a permanent fund will diminish. Moreover, were rule of law issues to emerge in Central and Eastern Europe, with money going to cronies of illiberal government leaders (especially in Hungary and Poland), concerns about the use of the funds will rise.

In addition, the austerity hawks are likely to be back, in particular once the pandemic is over and things get back to some kind of new normal. If the rules are not changed, or at least relaxed, the exit from the 'escape clause' of the SGP will have deleterious consequences for those countries that still need time to grow their way out of deficits and debt. Without changes in the rules, and arguably formal ones at that, the austerians will have formal legal grounds to take the Commission to court. And we can be sure that conservative German economists and other will again go straight to the German Constitutional Court for stricter enforcement of the rules.

This is equally a problem because the restrictive rules and numbers are written in so many different places in the Treaties and legislation – the Fiscal Compact imposed the institution of the debt brake in national constitutions, the Six-Pack and Two-Pack codified not just the numbers on deficit and debt but also the sanctions to be applied.[10] And how does one change the Treaties if even one member-state is against, given the unanimity rule on these issues? This can set up almost unsurpassable roadblocks, unless the passerelle clause can be used. But depending upon the issue, this, too, requires unanimity in the case of the Council, absolute majority in the EP.

5. *Toward a More Democratic Economic Governance in Europe*

In large part because of these obstacles and stumbling blocks, economic, legal, and political, we need to think flexibly not only with regard to the future Eurozone economic governance but also in terms of the future of EU institutions and their governance.

Eurozone governance requires an ECB which benefits from political guidance via a Great Macroeconomic Dialogue with regard to targeting secondary objectives focused on employment and greening the economy. The Eurozone also demands a Commission able to deploy a permanent fund to invest in the key areas required for sustainable, equitable growth, while coordinating member-state efforts via flexible rules or standards with differentiated evaluations of member-states' economies and general targets established through industrial policy dialogues.

But to make EU governance truly workable, the institutional decision-making rules also require revision. The unanimity rule for intergovernmental decision-making needs to be abandoned, replaced by 'constitutional' treaties amendable by 2/3 or 4/5 majorities. At the same time, many of the current treaty-based laws should become ordinary legislation, amendable by simple majority through the co-decision Method. Thus, for example, while the Lisbon Treaty would arguably remain a constitutional treaty, amendable however by 2/3 or 4/5 majorities, the various treaties involving the Eurozone should become ordinary legislation. This means that they would be open to amendment through political debates and compromise, and subject to the co-decision method—all of which would enhance EU democratic legitimacy.

---

[10] See Erik Jones, 2020, "When and how to deactivate the SGP general escape clause?" *Economic Governance Support Unit* (EGOV), Directorate-General for Internal Policies, PE 651.378 (November).

Moreover, greater differentiation needs to be allowed in the EU's different policy communities. For the Eurozone, this would mean envisioning that where some members in the future, say, pledge their own resources to an EU budget, their representatives would be the only ones to vote on the budget and how it would be used, although everyone could discuss it (no separate Eurozone Parliament, then, but separate voting for members of a deeper budgetary union).[11]

However, there can be no differentiation in the EU's core commitments to the rule of law and democratic principles guaranteeing free and fair elections, independence of the judiciary, and freedom of the press. And representative institutions need to be reinforced. At the moment, the EU serves the purpose of the populists, by hollowing out national representative institutions, enabling populists to claim that they are the true representatives of the people, responsive to their expressed concerns. To change this, the EU needs to do more to reinforce citizen representation and participation. For the Eurozone in particular, this at the very least demands more involvement of the European Parliament in decision-making, through a return to the Community Method, along with greater decentralization and democratization of European Semester governance. Turning Eurozone treaties into ordinary legislation, moreover, would help break the stalemate that makes it impossible to change such legislation (given the unanimity rule), and make them subject to political debate. But the EP would also need to find more ways to bring national parliaments into EU level decision-making. And the EU as a whole must devise new means of encouraging citizen participation.

---

[11] For more on how I envision this in terms of differentiated integration for the EU as a whole, in terms of a 'soft core' Europe, see Schmidt, 2020, *Europe's Crisis of Legitimacy*, Conclusion; and Vivien A. Schmidt, 2019, "The Future of Differentiated Integration: A 'Soft-Core' Multi-Clustered Europe of Overlapping Policy Communities," *Comparative European Politics* vol. 17, no. 2: 294-315 https://rdcu.be/br4oF

13. The Future of Europe:
Neo-liberal, Illiberal, or Non-liberal?

GERHARD SCHNYDER

The European Union's seeming inability to rein in the illiberal challenge to liberal democratic rights and values in member states like Hungary and Poland has given rise to a great deal of concern and criticism. The Rule of Law mechanism introduced in 2014 in reaction to the backsliding in Hungary, does not seem to have halted the rise of 'illiberalism'[1] in Europe's Eastern periphery. The pressures on minority rights, media-, and intellectual freedoms have further increased not just in Hungary, but also in Poland since then.

The illiberal clouds may become darker still over the coming years. France will elect its president next year. Most predictions hint at a repeat of the second-round face-off between centre-right incumbent Macron and far-right challenger Marine Le Pen. Contrary to previous editions of French presidential elections, political commentators and scientists are less certain the far-right challenge can be easily fent off this time – especially if abstentions are high during the second round.[2] A Le Pen presidency in France – even without strong support in the French parliament – would considerably strengthen the illiberal fringe in the EU Parliament regrouped since 2019 in the Identity & Democracy group.

Democratic backsliding in more EU member states – especially big ones like France – is a concern that some may still not take seriously enough. However, the emergence of such a "second democratic deficit"[3] in EU member states (alongside the often-criticised democratic deficit of EU-level institutions themselves) is not the only threat illiberalism poses to the future of the EU. Another one is its dismembering. Brexit is the perfect illustration of this second emanation of illiberalism.

1. *Brexit: Tocqueville's nightmare*

While illiberals in Europe's East have very strong economic and financial incentives for remaining in the EU,[4] Western illiberals are often drawn to "Euroscepticism." Here, the British Exit from the EU on 31 January 2020 illustrates what might happen if illiberal forces gain ground in other Western EU member states.

While celebrated as a victory for democracy by those who voted 'Leave' in the 2016 referendum, Brexit was quite the opposite. There was the nature of the campaign. Not only was the Vote Leave campaign marred by accusations of deliberate lies and violations of electoral laws on campaign

---

[1] In this essay, I use the term 'illiberalism' in reference to Victor Orban's now famous Tusnádfürdő speech from 26 July 2014 where he declared his goal of establishing an illiberal state in Hungary. I use the term interchangeably with right-wing populism. There is of course a vast debate about the definition of populism, but key elements of right-wing – or exclusionary populism – are illiberal in the sense that they reject basic liberal values such as pluralism, respect of individual/minority rights, and adherence to the rule of law. See for a discussion of populism Manow, Philip, 2018. *Die Politische Ökonomie Des Populismus*. Berlin: Suhrkamp.

[2] Soletty, Marion, 2021, "Who's who: Macron's top challengers for 2022. Presidential hopefuls are gearing up a year ahead of the election." https://www.politico.eu/article/emmanuel-macron-top-challengers-opposition-france-presidential-election-2022/

[3] Kelemen, R. Daniel, 2017, "Europe's Other Democratic Deficit: National Authoritarianism in Europe's Democratic Union." *Government and Opposition* 52(2):211–38.

[4] Schnyder, Gerhard & Sallai, Dorottya. 2018. "Is the EU Subsidising Autocracies?" https://theconversation.com/is-the-eu-subsidising-autocracies-hungary-and-the-rise-of-the-illiberal-model-89810

funding – some of them leading to convictions and fines – but it was also overshadowed by the murder of the first Labour MP in office in British history.[5] Clearly the referendum campaign was anything but an example of a healthy democratic debate.

Equally important the biggest decision in a generation was taken on a simple majority vote from which many young people were excluded (the voting age was set at 18 rather than 16 as is common in parts of the country). Ultimately, 52% of the people who voted decided to not only give up their own rights as EU citizens, but deprived the rest of the population of these rights as well. Historians will be hard pressed to find a better illustration of the tyranny of the majority. No checks were put in place – such as a qualified majority or other protections for minorities – making the Brexit referendum Tocqueville's nightmare.

Brexit illustrates that the illiberal understanding of democracy is dangerous for democracy itself. By negating the value of pluralism, it denies the legitimacy of any deviating values, opinions, and life choices. It turns opponents into enemies and thus increases the willingness to resort to violence. It promotes an ethos of the absolute rule of the stronger (i.e. the majority) over the weaker (the minority) and thus negates any minority rights. It puts the majority's goals unconditionally above any other goals and thus justifies a complete lack of respect for established legal procedures in pursuit of that goal.

It might be tempting to see illiberalism as an external shock that the EU has to deal with but is not responsible for. Yet, for the future of Europe, it is crucial to acknowledge that EU institutions, laws, and policies themselves played a part in making the rise of illiberalism possible.

2. *What is the EU's part in the rise of illiberalism?*

A lot has been written about the EU's (lack of) reaction to the rise of self-proclaimed illiberal states in its Eastern periphery. The EU arguably has some responsibility for not reining in the rise of illiberal governments some of whose policies seem clearly in conflict with the Treaty of the EU's article 2.[6] Via its structural and investment funds payments, the EU may even make the rise of illiberal regimes economically viable and may thus be subsidising illiberalism.[7]

Yet, these criticisms are different from claiming that the EU has to take responsibility for causing illiberalism in the first place. Academic research hints at three ways in which the EU may have contributed to an increasing appeal of illiberal political parties in EU member states. Firstly, its policies around immigration and free movement of people within the block; secondly, the coordination of fiscal (and monetary) policies; and thirdly its policies towards national institutions aimed at "embedding" markets.

3. *Free movement of people within and across Europe's borders*

Immigration is arguably the phenomenon that illiberal populist politicians latch onto most to increase their electoral support. But the relationship between immigration and right-wing (illiberal) populism is a more complex one than the simple idea of more immigration leading to more support for right-wing populists. Indeed, as the work by the Mercator Forum for Migration

---

[5] Caesar, Ed., 2016, "Jo Cox, the Brexit Vote, and the Politics of Murder" https://www.newyorker.com/news/news-desk/the-politics-of-murder-in-britain

[6] "The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities." https://eur-lex.europa.eu/eli/treaty/teu_2012/art_2/oj

[7] Schnyder, Gerhard & Sallai, Dorottya, 2018, "Is the EU Subsidising Autocracies?" https://theconversation.com/is-the-eu-subsidising-autocracies-hungary-and-the-rise-of-the-illiberal-model-89810

and Democracy (MIDEM) shows, it is the salience of immigration issues in the media, rather than the actual number of Extra-EU immigrants that drives support for right-wing populists.[8]

Equally important to Extra-EU immigration is free movement of people within the EU's borders. While many Europeans cherish free movement in terms of their own rights to travel, work, and live anywhere in the EU, they are equally sceptical of it when it comes to granting these rights to fellow Europeans coming to their countries.[9] Intra-EU immigration is particularly important for Western illiberals. Here, a key issue has been the fact that the free movement of people has changed in character after the 2004 enlargement. The increasing diversity of wage and living standards among EU member states has led to immigration flows from poorer EU countries, which can lead to real pressures on local labour markets, especially amongst the lower end of the wage distribution.[10] In the UK, immigration especially from the new post-socilist member states after 2004 is one of the key factors that has increased support for the 'taking back control of our borders' slogan.[11]

Interestingly, however, while many leave voters are opposed to uncontrolled immigration, many of them also complain about the unfairness of the EU immigration system. Free movement of persons means that the UK government cannot limit immigration from within the EU. As a result, to try and control immigration levels, the government imposes very strict limitations on immigration from non-EU Commonwealth countries, which some Leave voters see as unfair.[12]

Free movement of people is often considered – and rightly so – as one of the key achievements of European integration. But for some people it comes at a price, which has not always been acknowledge by EU institutions.

4. *Coordinated Fiscal Policies: The Stability and Growth Pact*

There is increasing evidence that fiscally conservative policies and especially austerity measure after the Global Financial Crisis of 2008 have contribute to a considerable extent to the rise of illiberals in both central European countries and in Western European ones. Thus, evidence suggest that austerity was a root cause for the traditionally strongly pro-labour constituencies in the North of England (the so-called Red Wall) support for Brexit.[13]

Similarly, there is evidence that EU membership has constraint post-socialist member states' ability to uphold 'social contract' from the transition period which was based on social transfers compensating for the effects of privatisation and liberalisation.[14] The fiscal constraints meant less funding was available for such compensatory transfers. Ultimately, the Global Financial Crisis – and EU – (and IMF) imposed austerity – led to the exhaustion of embedded neoliberalism in countries like Hungary and helped illiberals gain power.[15]

[8] Angeli, Oliviero, (n.d), "Migration and the rise of populism: how closely related are they?" https://www.vuesdeurope.eu/en/news/migration-and-the-rise-of-populism-how-closely-related-are-they/
[9] Lutz, Philipp, 2021, "Loved and Feared: Citizens' Ambivalence towards Free Movement in the European Union." *Journal of European Public Policy* 28(2):268–88.
[10] Dustmann, Christian, Tommaso Frattini, and Ian P. Preston, 2013, "The Effect of Immigration along the Distribution of Wages." *Review of Economic Studies* 80(1):145–73.
[11] Goodwin, Matthew J. and Caitlin Milazzo, 2017, "Taking Back Control? Investigating the Role of Immigration in the 2016 Vote for Brexit." *British Journal of Politics and International Relations* 19(3):450–64.
[12] Menon, Anand. 2021. "Comfortable Leavers: The Expectations and Hopes of the Overlooked Brexit Voters." *UK in a Changing Europe: Briefing Paper* 1–12.
[13] Fetzer, Thiemo, 2019 "Did Austerity Cause Brexit?" *American Economic Review* 109(11):3849–86.
[14] Bohle, Dorothee, 2010, "East European Transformations and the Paradoxes of Transnationalization." *EUI Working Papers SPS* (01):1800–2000.
[15] Greskovits, Béla, 2015, "The Hollowing and Backsliding of Democracy in East Central Europe." *Global Policy* 6(1):28–37.

The EU's uncompromising approach on fiscal discipline and its insistence on balanced budgets and 'debt brakes,' which persisted until the current Covid19 pandemic,[16] therefore plaid a direct role not just in allowing the rise of illiberalism, but actually in causing it.

However, neither immigration nor its real or perceived impact on local people, nor budgetary constraints and fiscal conservatism directly lead to discontent and from there support for illiberals. Rather, these important forces are mediated by national institutions. This is a third area where the EU has plaid a role in the rise of illiberalism.

5. *The destruction of non-liberalism*

For part of its history, the EU treaties and institutions allowed for different countries adopting their own capitalist institutional arrangements. This has permitted the co-existence of a variety of capitalisms – including the UK's liberal market economy model, Germany and Northern Europe's coordinated model, and France and Southern Europe's more state-led model.[16] The three latter non-liberal or organised varieties of capitalism have in common that they put in place institutions that restrain markets, reduce the impact of market forces, or compensate people for undesirable effects of markets on the population.[17]

Overtime the Commission and the ECJ have moved into a direction where national institutional divergences were less and less tolerated and the non-liberal (or organised) varieties of capitalism were being pushed – in the name of the benefits of markets and competition – to abandon market-constraining and – embedding institutions.[18] Consequently, coordinated wage negotiation, trade unions, labour representation at firm-level and other forms of organising capitalism, have increasingly come under pressure with the Commission and ECJ pursuing an uncompromising economically liberal course.

Somewhat surprisingly,[19] this course has not changed after the global financial crisis of 2008, which illustrated in impressive fashion some of the severe downsides of unbridled liberal capitalism. The financial and banking crisis soon turned into the Eurozone crisis, which deflected attention from the underlying flaws in liberal financial systems;[20] shifting attention instead onto public finances in Southern Europe. Rather than a much-needed re-embedding of financial markets, the crisis was followed by austerity.

In some respects, the Covid-19 pandemic seems to have been used in similar fashion to further strengthen rather than question the EU's liberal course by providing the Commission with new tools to put pressure on non-liberal institutions in EU member states. Indeed, payments from the Recovery and Resilience Fund appear to come with a new regime of conditionality that for instance may force Germany to reform its – in the eyes of the Commission – too progressive tax system.[21]

---

[16] Vivien A. Schmidt, 2020, *Europe's Crisis of Legitimacy: Governing by Rules and Ruling by Numbers in the Eurozone* Oxford: Oxford University Press

[16] See Hall, Peter A. and David Soskice, 2001, *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford, UK: Oxford University Press. Schmidt, Vivien A. 2003. "French Capitalism Transformed, yet Still a Third Variety of Capitalism." *Economy and Society* 32(4):526–54.

[17] Yamamura, Kozo and Wolfgang Streeck, 2001, *The Origins of Nonliberal Capitalism. Germany and Japan in Comparison*. Ithaca, NY: Cornell University Press.

[18] Callaghan, Helen and Martin Höpner, 2005, "European Integration and the Clash of Capitalisms: Political Cleavages over Takeover Liberalization." *Comparative European Politics* 3(3):307–32.

[19] See Crouch, Colin, 2011, *The Strange Non-Death of Neo-Liberalism*. Cambridge, UK: Polity Press and Schmidt, Vivien A. and Mark Thatcher (eds). 2013. *Resilient Liberalism in Europe's Political Economy*. Cambridge: Cambridge University Press.

[20] Konzelmann, Suzanne J., Marc Fovargue-Davies, and Gerhard Schnyder. 2012. "The Faces of Liberal Capitalism: Anglo- Saxon Banking Systems in Crisis ?" *Cambridge Journal of Economics* 36(November 2011):495–524.

[21] Höpner, Martin, 2021, "More bite for the European Semester: The EU Commission shows its new weapons," https://braveneweurope.com/martin-hopner-more-bite-for-the-european-semester-the-eu-commission-shows-its-new-weapons

In other words, the EU's economic and fiscal policies and its 'one size fits all' approach to capitalist institutions amounts to a textbook recipe for generating (or maintaining) popular discontent and thus spurring illiberalism and democratic backsliding.[22]

6. *What is to be done?*

The causes of the rise of illiberalism are complex and manifold, but too much emphasis has been put on its 'cultural' and 'identarian' aspects.[23] Cultural values and framing in terms of identity are of course important and populism is often more discourse and a rhetoric than substance.[24] Yet, acknowledging that should not lead us to the erroneous conclusion that illiberalism and right-wing populism are unrelated to very real economic problems people are facing. The discontent among European people is real and the causes of this discontent are to an important extent very real economic grievances.[25]

In order to defend democracy in Europe, what is needed is first and foremost that the EU takes responsibility for the role it played in creating these very real economic grievances with its policies and ECJ rulings that led to the erosion of member states' ability to protect their populations from market forces. In other words, the EU may have to temper its obsession with economic liberalism to save its political liberalism. This also means the EU needs to move away from its 'one best way' model of institutional economic arrangements and allow for more institutional pluralism that reflects the diversity of the economic situations in its member states.

The departure of the UK may provide a window of opportunity for the EU here. Consecutive (conservative) UK governments were for a long time the most obstinate opponents to a truly 'social Europe.' This opportunity should be seized to develop a European New Deal, based on an acknowledgment that the libertarian experiment of the 1980s has failed and that markets need embedding and people need protection from or compensation for market forces.

Indeed, some scholars see the illiberal turn in Eastern and Western Europe as part of a broader trend heralding a new phase in global capitalism marked by a re-embedding of markets and a re-organising of capitalism.[26] If that opportunity is seized, and economic non-liberalism is revived, it may be possible to turn Europe's illiberal challenge into a new progressive impulse. If it is not, the future of Europe may very well be illiberal.

---

[22] Butzbach, Olivier, Douglas B. Fuller, and Gerhard Schnyder, 2019, "Manufacturing Discontent: National Institutions, Multinational Firm Strategies, and Anti- Globalization Backlash in Advanced Economies." *Global Strategy Journal* 10:67–93.

[23] Norris, Pippa and Ronald Inglehart, 2019, *Cultural Backlash. Trump, Brexit, and Authoritarian Populism*. Cambridge: Cambridge University Press.

[24] Müller, Jan-Werner, 2017, *What Is Populism?* London: Penguin Books.

[25] See for Hungary Halmai, G. 2011. "Dispossessed by the Spectre of Socialism: Nationalist Mobilization in Transitional Hungary." In Headlines of Nation, Subtexts of Class: Working Class Populism and the Return of the Repressed in Neoliberal Europe, edited by D. Kalb and G. Halmai, 113–141. Brooklyn, NY: Berghahn Books.

[26] Nölke, Andreas, 2017, "Brexit : Towards a New Global Phase of Organized Capitalism ?" *Competition & Change* 1–12.

14. Overcoming Internal and External Division: Solidarity as Mechanism

DORIS WYDRA

The preamble of the Treaty on European Union reminds us of the "historic importance of the ending of the division of the European continent and the need to create a firm basis for the construction of the future Europe" but also the need to "promote peace, security and progress in Europe and in the world". Unfortunately, the EU itself has become a contentious issue. More than ever, we see persistent internal dividing lines and external conflicts. The ability of the European Union to find common answers and solutions for the increasing challenges of the world is questioned by successive crises and although the crises were triggered by events external to the EU, one after the other has created new cleavages and questioned the resilience of the EU in the face of the storm. European populists reject European liberal values or make Euroscepticism and nationalism a (successful) program. Trust levels towards European institutions remain on average and are comparably low in Southern and Eastern European member States[1]. The lack of the "permissive consensus" since the beginning of the 1990s meanwhile became common knowledge. But the term "permissive consensus" in itself is telling about low expectations. It presents us an a-political, passive subject, a citizen not specifically literate about or engaged in European politics, but tacitly assuming some positive effects. But how can a society, a polity, be resilient, if not supported by active and engaged consent?

However, divisions are not only a characteristic of the internal state of the Union, the EU creates dividing lines also in the enlargement process: not all (potential) candidates can meet the requirements equally and are thus concerned about being excluded in this competition for membership. But the EU also meets opposition in the enlargement societies, as it increasingly seems to accept the "us or them" narrative it accuses powers like Russia and China of. The High Representative of the Union for Foreign Affairs and Security Policy repeatedly reminds us of the competition going on the Western Balkans and urges the EU to develop an "appetite for power"[2]. This power struggle is also taking place in the enlarged neighbourhood and the references to a "EU countering Russian expansionism[3]" and the new emphasis on geopolitics remind us of the old struggle for spheres of influence.

But shouldn't the EU aim to create common goals rather than divisive zones of influence, to attract rather than compete, to provide innovative solutions for a more united and sustainable world than to be one bloc vying for power and influence? The argument here is that the EU can shift from being increasingly divisive and confrontational to fully live up to its determination to create not only economic, but also social progress (preamble TEU) and to better "contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples" (Art. 3 TEU) by finally filling the principle of "solidarity" with content. Seventy years after the "solidarity of action" was set in motion by the conclusion of the Paris Treaty, it is high time to adapt the mechanism of solidarity to the new challenges ahead, and to turn the "existential crisis", the unpredictability of the world of "growing uncertainty and rivalry" into a new impetus for unified action.

---

[1] Data Eurostat, Population with confidence in Eu institutions by institution, available at https://ec.europa.eu/eurostat/en/web/main/data/browse-statistics-by-theme

[2] Josep Borrell, https://www.europarl.europa.eu/news/de/press-room/20200615IPR81230/covid-19-crisis-is-a-potential-geopolitical-game-changer-warn-meps)

[3] https://euobserver.com/foreign/146195

Solidarity is not just an emotional bond or mechanisms of redistribution. Unfortunately, in the European context, the term solidarity is often exclusively used with regard to financial support instruments (which might be an expression of solidarity). But for solidarity to effectively foster integration and become one of its mechanisms, it needs processes of interaction. It needs institutional frameworks, which give voice to the interests and concerns affected. Solidarity develops within communities that recognize their commonalities, be it their common origin, history, language, fate, cause, problems, or goals. It is a reciprocal relationship located at the intersections between self-interest, community, altruism, and obligation. It is created by way of recognizing interdependence, but also arises from struggles, thus from the inclusion into (negotiation) processes, interaction, and possibilities of participation, from having a stake in the outcome. It is the choice of a political community as a form of "commitment to an idea or cause" (Heyd 2007; Nicolaïdis and Viehoff 2012). Solidarity arises, when people get a chance to interact, recognize that the "others'" cause is linked to their own issues and mechanisms are provided to balance gains and losses. In order to develop its integrative force and overcome divisions a European discourse has to be established that offers "relevance, engagement and hope for real people" (Ross 2021, 222) internally and externally. This demands for the development of concentric spheres of solidarity, where engagement, debate and the development of a common cause and the commitment to a common idea becomes possible.

1. *Internal solidarity: inclusive citizenship*

Craig Calhoun (2007) reminds us that the "utopia" of cosmopolitan democracy neglects the huge inequalities in the abilities of individuals (because of wealth, income, education, command of languages etc.) to join a mobile cosmopolitan elite and give up national social solidarities. In order to overcome internal division, the EU cannot be a Union just for an elite that is able to profit from the free movement and the opportunities it provides. It also has to be a Europe for those for whom free markets bring more insecurity, and a community of solidarity for those who lose in the global competition for jobs, or the nationalists and populists will become their hope. The system of competitive austerity, which has been created by the EU's economic constitution does not produce the hoped-for equal competitiveness of all member states, and even less so of their citizens. It makes it even more difficult to realize the *social* element of the "social market economy" stipulated in the treaty. While the aim is to create prosperity through competition at the European level, the social security of national welfare systems is to provide a fallback solution for the compensation of negative side effects of market outcomes. But in particular the demand-driven growth-models of the Southern European market economies had to face increased competitive pressures, which they, as members of the eurozone, could counteract only by restructuring their welfare systems (Hall 2018; Stockhammer 2013). Already in 2012 Mario Draghi reminded us of the fact, that the European social model was dead and the European market citizens could no longer rely on the safety net of welfares system but had to face European competition. The European Commission encourages member states to guarantee high quality, social adequacy and improved access to national security systems, while also ensuring cost-effectiveness and financial sustainability (Zeitlin and Vanhercke 2018). At the same time, the pressure on welfare states is growing due to competition for mobile capital in an integrated European market (Scharpf 1997). The negative consequences of this competition can be seen in an increasing division of European society. Those whose fear of being among the losers in this competitive race turn against their competitors – especially against immigrants, including those from other EU member states. This is the gateway for populist and nationalist movements.

Eriksen (2017) points to the structural injustice created by the rules of the eurozone and asks whether, in a system "that benefits some and harms others," there should not be a broader commitment to solidarity – in the sense of creating political justice. The creation of a political union that strengthens democratic aspects in particular is also an imperative of European solidarity. We

already learn from T.H. Marshall's holistic citizenship concept that civil, political, and social rights are complementary, as only in this holistic understanding democracy allows the negotiation of how much economic inequality we allow as a European society. The necessity of transferring elements of the welfare state to the European level, and thus of breaking precisely the observed dynamics of competitive austerity between the welfare state models of the member states, presupposes precisely the development of better democratic processes at the European level: allowing national electorates to send their representatives to the European Parliament (with even only an unclear option to at least influence the selection of the Commission President) is not sufficient to induce the political debates or engagement necessary to create an identification with the polity and thus a basis for solidarity. European elections have to become "first order" with a truly European electorate choosing from different political programs for the further development of the Union. In these processes, the central political question of "who gets what, when and why" can then be clarified. Only in this way can a stronger collective consciousness of social commonalities be created, which is necessary to legitimize interventions in the markets with the aim of establishing social justice (Streeck 2001, 143). When Advocate General of the Court of Justice Eleanor Sharpston talks about "solidarity as the lifeblood of the European project" she refers to obligations and benefits, duties, and rights. But most importantly, she connects solidarity to the "sharing in the European demos"[4]. This sharing in the European demos is crucial as is the establishment of a truly "social" pillar, urging citizens not only to be part in the competitive field of the common market, but also to provide the means allowing for social citizenship. The EU must become a reference point of "social belonging". This would allow for the creation of a more resilient European society, a resilience which would contribute to the attractiveness of the European model externally, less prone to attempts of division from outside actors.

2. *External solidarity: finding common cause*

Overcoming the divisions externally is a particular challenge ahead of the European Union. And here the EU must come up with innovative ideas to create interlocking spheres of solidarity. In an international perspective solidarity is more than cooperation: it is about developing a common cause and idea, mechanisms of engagement and interaction, where voice is given to mutual concerns and where institutions for redistributing burdens are established. Solidarity is about engaging with others on an equal level and finding ways to accommodate differences. The engagement with the wider neighbourhood of the EU is characterized by a policy of Europeanization, aiming at the deep transformation of state structures, economies and societies, to "remake themselves in Europe's own image". Krastev and Holmes (2019) convincingly provide an explanation how a "politics of imitation" of Western liberalism (and the feeling of remaining "inadequate copies") and the demographic and economic pressures caused illiberal backlashes in Eastern new member states and contributes to the failure of the Copenhagen criteria. At the same time citizens of the old member states are concerned about new waves of migration and insecure borders. In the (potential) enlargement candidate countries we see on average a large support for accession, but also increasing frustration about the lengthy progress and particular among the Serbian population (not only in Serbia, but also in Bosnia and Herzegovina) comparably low levels of support. While several important steps have been taken (among them the Berlin Process) to enhance the effectiveness of the enlargement mechanisms, Marciaq (2019) stresses that a process driven by competition between the countries of the region is still dysfunctional and suggests to reinvigorate the concept of solidarity for the enlargement process. It would increase the leverage of the countries, allowing the region to become more than the sum of its parts, overcome their divisions and develop a shared vision. Defining a common cause and idea would also exceed the one-way transformative approach of the EU and give room for the countries to elaborate an

---

[4] Opinion of Advocate General Sharpston delivered on 31 October 2019, Case C-715/17, available at https://curia.europa.eu/juris/documents.jsf?num=C-715/17

accession strategy together with other countries of the region and asks them to elaborate on their own contributions to a stronger European Union. For the EU this would mean to engage critically with the fact that every enlargement logically changes the character of the Union itself, and that the consequences of these changes have to be addressed and accepted. Here we see how the concentric spheres of solidarity build on each other: only an internally strong and resilient union can offer viable integration perspectives for newcomers, without risking further divisions.

But engagement, the focus on common causes and the establishment of mechanisms to meaningfully engage with each other has to go beyond the neighbourhood. Suggestions have been made on how to find new approaches to Russia (Baratta, Moro, and Montani 2020; Montani 2021). Plenty of common problems exist: climate change (where engagement with Russia as "resource dependent country" is crucial), Iran (where cooperation already proved possible), but also the wider Eurasian space (an here in particular broader engagement with the Eurasian Economic Community is crucial not only to avoid further geopolitical divisions, but to provide real perspectives for economic development). Russia is eager to prove its importance on a global level, but it rejects Europeanization, transformation, and education. Imitating Russian narratives on spheres of influence and zero-sum games will increase divisions: it will further contribute to a spiral of aggression and limit the potential of the common neighbourhood for peace and prosperity. It is for the EU to develop new approaches, if the aim is not simply "to be right", but to overcome the security stalemate on the European continent. The necessity to radically rethink security cooperation in Europe has been convincingly argued for (see the requirement for a "New Atlantic Pact", Baratta, Moro, and Montani 2020). A de-facto, self-interest oriented solidarity between Russia and the EU is possible on specific issues, where they have a common cause. And by reviving institutional mechanisms like the OSCE (but also new mechanisms of security co-operation), fora can be provided where common ideas can develop over time. This does not mean that the European Union should give up on its values. But peace in itself is a value and finding new mechanisms, where both Russia and the EU (and ideally also the neighbourhood countries) could raise their security concerns and find common solutions would contribute not only to a EU less threatened by "an increasingly assertive Russia", but could allow to find new mechanisms for thawing the frozen conflicts of the neighbourhood, probably even finding solutions for the status of Sevastopol and Crimea acceptable on both sides.

3. *European solidarity for global challenges*

Solidarity is not about emotional bonds, solidarity is about institutional design, mechanisms of inclusion, distribution of burden and arenas to develop common causes and ideas. It is about giving voice to those concerned and the development of common ideas and goals. It will "not be made all at once" and it will "be built through concrete achievements". It demands the "elimination of opposition", bridging dividing lines. Altiero Spinelli in his Ventotene Manifest called for a global thinking, reminding us of the potential to embrace "humanity in a grand vision of common participation" and the potential of a united Europe to guarantee a peaceful and cooperative relationship with the American and Asiatic peoples. A Union, built on a strong democratic basis, is better equipped to address global challenges like migration, without risking nationalist and populist backlashes. The creation of a European welfare model (internal solidarity) and the creation of migration regimes with African countries (contributing to the welfare of the European society as well as the African countries of origin, see Montani 2020) condition each other. Hannah Arendt regards "solidarity" as the opposite of "pity". "It is out of pity that men are 'attracted toward *les hommes faibles'*, but it is out of solidarity that they establish deliberately and, as it were, dispassionately a community of interest with the oppressed and exploited … For solidarity, because it partakes of reason, and hence of generality, is able to comprehend a multitude conceptually, not only the multitude of a class or a nation or a people, but eventually all mankind. But this solidarity, though it may be aroused by suffering, is not guided by it, and it comprehends the strong and the

rich no less than the weak and the poor. (Arendt 1990, 88). With this new approach towards solidarity, building on common ideas and causes and mechanisms of equal engagement, the EU can develop new integrative powers and solutions on a global scale.

Bibliography

Arendt, Hannah, 1990, *On Revolution*, London/ New York, Penguin Books.

Baratta, Joseph Preston, Domenico Moro, and Guido Montani, 2020, 'A New Atlantic Pact. A Peaceful Cooperation Area from Vancouver to Vladivostok', in *The Ventotene Lighthouse*.

Calhoun, Craig, 2007, 'Social Solidarity as a Problem for Cosmopolitan Democracy', in *Identities, Affiliations, and Allegiances*, eds. Seyla Benhabib, Ian Shapiro, and Danilo Petranovich. Cambridge, Cambridge University Press, 285–302.

Eriksen, Erik O, 2017 'Structural Injustice: The Eurozone Crisis and the Duty of Solidarity', in *Solidarity in the European Union. A Fundamental Value in Crisis*, eds. Andreas Grimmel and Susanne My Giang. Cham: Springer International Publishing, 97–118.

Hall, Peter A, 2018, 'Varieties of Capitalism in Light of the Euro Crisis' in *Journal of European Public Policy* 25(1): 7–30.

Heyd, David, 2007, 'Justice and Solidarity: The Contractarian Case against Global Justice', in *Journal of Social Philosophy* 38(1): 112–30.

Krastev, Ivan, and Stephen Holmes, 2019, *The Light That Failed: A Reckoning*. Penguin Books, Limited.

Marciaq, Florent, 2019, *Reviving Solidarity. A New Regional Approach to Integrating the Western Balkans into a Stronger European Union*, Friedrich Ebert Stiftung, Dialog Südosteuropa.

Montani, Guido, 2020, 'EU Foreign Policy and Cosmopolitan Citizenship', in *Problems in Political Economy* 4: 147–62.

Nicolaïdis, Kalypso, and Juri Viehoff, 2012, 'The Choice for Sustainable Solidarity in Post-Crisis Europe', in *Solidarity for Sale? The Social Dimension of the New European Economic Governance*, Europe in dialogue, Bertelsmann Stiftung, 23–44.

Ross, Malcolm, 2021, 'Transnational Solidarity: A Transformative Narrative for the EU and Its Citizens?' in *Acta Politica* 56(2): 220–41.

Scharpf, Fritz W, 1997, 'Economic Integration, Democracy and the Welfare State'. *Journal of European Public Policy* 4(1): 18–36.

Stockhammer, Engelbert, 2013, 'Why Have Wage Shares Fallen? An Analysis of the Determinants of Functional Income Distribution', in *Wage-Led Growth: An Equitable Strategy for Economic Recovery*, eds. Marc Lavoie and Engelbert Stockhammer. Basingstoke: Palgrave Macmillan/ILO, 40–70.

Zeitlin, Jonathan, and Bart Vanhercke, 2018, 'Socializing the European Semester: EU Social and Economic Policy Co-Ordination in Crisis and Beyond', *Journal of European Public Policy* 25(2): 149–74.

PROBLEMI
DELLA
FEDERAZIONE
EUROPEA

EDIZIONI M. F. E.

The Ventotene Manifesto, whose full title is "For a Free and United Europe. A draft manifesto", was drawn up by Altiero Spinelli and by Ernesto Rossi (who wrote the first part of the third chapter) in 1941 when they were both interned on the island of Ventotene. After being distributed in mimeographed form, a clandestine edition of the manifesto appeared in Rome in January 1944 published with two essays by Altiero Spinelli: "The United States of Europe and the various political tendencies" (written in the second half of 1942) and "Marxist Politics and Federalist Politics", written between 1942 and 1943. This edition, entitled *Problems of the European Federation* bears the initials of the authors, A. S. and E. R., and was edited by Eugenio Colorni who also wrote a very acute preface (for obvious reasons his name does not appear together with Rossi's and Spinelli's). The present text was edited by the "Società anonima poligrafica italiana" and presented by the *Edizioni del Movimento Italiano per la Federazione Europea* (i.e. Publications of the Italian Movement for the European Federation).