

THE FUTURE OF THE EUROPEAN UNION

Jean Asselborn

I HAVE been asked to share my thoughts on the future of the European Union for this inaugural edition of *Horizons*, my former colleague Vuk Jeremić's new magazine. I have accepted the task with gratitude and probably also a bit of folly, as countless pages have been written on the subject over the last years and even decades. The future is always a tempting challenge that one knows from the start one will not manage to master. So why not give it a try?

In this essay, I want first to address the current period of intense political and institutional change within the EU. In a second step, I will consider whether we can balance the need for an "ever closer Union" with its opposing claims, and discuss the tools at our disposal to reform the EU. I also believe it is important to look at ways of how to empower both the EU and its citizens. In this context, I fully support

the recent European Council conclusions stating that we need a Union that is "stronger outside" and "more caring inside." I will pay attention to the EU's demographic and migratory challenges as well. Finally, I will reflect upon what I think should be a priority, namely the creation of a "Europe of citizens." In this context, discussing EU citizenship and identity is crucial.

A TIME OF POLITICAL AND INSTITUTIONAL CHANGE

Following the recent elections to the European Parliament, and due to the political debate on the nomination of the President of the European Commission, the EU is currently going through a period of drastic political and institutional change.

Whereas the vote for President of the Commission has traditionally been detached from the electorate, the momen-



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Flags of the European Union proudly displayed in Brussels

tum created by the decision of the main European political parties to each enter the campaign with a designated candidate for this position—the so-called *Spitzenkandidaten*—has fundamentally altered the process. In this new political system, a clear link has been established between the elections to the European Parliament and the appointment of the new Commission president. While its proponents see this development as an answer to the question of legitimacy of EU policymaking, opponents tend to view it from the angle of a rebalancing of power between the EU institutions. It seems certain that by 2019, when the next European Parliament elections will take place, the *Spitzenkandidaten*-system will have matured.

European political parties will have to adapt and, as they will cease to be mere federations of national parties, they will have to do their utmost to bring about a competitive frontrunner as a presidential candidate in a process similar to what the Americans call "primary elections." As a consequence, the period leading up to the nomination of a Commission president will be much more politicized.

However, the European Parliament is unlikely to generate distinct Left-Right cleaves any time soon. Indeed, even with a fully-fledged *Spitzenkandidaten*-centered electoral system in place, the political system of the EU would still differ considerably from the federal system

Jean Asselborn is Luxembourg's Minister for Foreign and European Affairs, as well as the Grand Duchy's Minister for Immigration and Asylum.

of the United States. The EU will have to develop its own unique set of practices, with Member States both large and small continuing to play a key role.

The next logical step towards a more complete Brussels-centered parliamentary democracy implies that the electoral debate will revolve more around political programs and less around candidates. The electoral campaign for the nomination of the next Commission president should thus be based on a real, policy-oriented discussion of the political programs and guidelines.

It is undeniable that European elections suffer from a low turnout, which undermines the input legitimacy of the EU—not least owing to their status as second-order national elections. European elections should be about EU issues rather than national ones. The *Spitzenkandidaten*-system could help to address these shortcomings, as it increases the political accountability of the Commission while forcing European political parties to get more involved in the Member States and to create more of a pan-EU campaign.

The EU electoral system will also become more visible and more intelligible to citizens. Critics of the *Spitzenkandidaten*-system argue that, at least this time around, it did not lead to an increased awareness about European elections. However that may be, there are two reasons to believe

it may be different the next time around. Firstly, we have to see the 2014 campaign as the first of a new type; it is now part of a new political reality to which all actors will have to adapt. Secondly, critics neglect the fact that levels of awareness prompted by the process differ considerably across Member States. Simon Hix of the London School of Economics and Stuart Wilks-Heeg of the University of Liverpool have recently demonstrated that the candidates received considerably less coverage in the UK than, for instance, in the German press. It is thus not surprising that both countries develop very different understandings of how European elections do and should work.

To many citizens, the rise of the European Parliament remained unnoticed. It has been acquiring new competences ever since the Treaty of Maastricht and leading up to the Treaty of Lisbon. While the new nomination system is not explicitly enshrined in the Treaties, the European Parliament's interpretation of the Treaty has already asserted itself. These political and institutional changes affect the balance of power between institutions. As the only directly elected EU body, the Parliament has a stronger claim on political power than other institutions; it also has the best chance of effectively increasing the democratic legitimacy of the EU. Nevertheless, the Council remains a crucial actor and will continue to play a very important role in the EU's institutional system.

A (N)EVER CLOSER UNION?

At its core, institutional change in the EU is about balancing an “ever closer union” and its opposite claims. For the first time, the European Council conclusions of June 2014 stated that “the concept of ever closer union allows for different paths of integration for different countries, allowing those that want to deepen integration to move ahead, while respecting the wish of those who do not want to deepen any further.”

While the United Kingdom is challenging the *Spitzenkandidaten*-system with all its implications, in accordance with its opposition to an “ever closer union,” the EU needs to protect its essence and core values. The relationship with the United Kingdom, which has been a vital part of the EU for over 40 years, needs readjusting, yet without unpicking the Treaties or impeding closer integration favored by other Member States. I strongly believe that it is not only in the interest of the EU itself, but that it is also in the best interest of the United Kingdom to remain within the Union. The benefits of EU membership are often taken for granted. However, as the Centre for Economic Performance at

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the London School of Economics has demonstrated in a recent study, leaving the EU would inflict substantial costs on the UK economy. A “Brexit” is most likely going to depress income through many channels and will thus have a negative impact on the British economy.

There are three possibilities for the Union to advance while readjusting: innovating within the Lisbon Treaty, amending European Treaties, or negotiating an intergovernmental treaty. Jean-Claude Piris, a leading figure in the conception and drafting of the EU's legal structures, has argued that it is possible to satisfy the demands of the United Kingdom without a treaty change. Political commitments could thus be

made to increase the role of national parliaments. Reducing red tape is another measure that does not necessarily require a treaty change. All this is to reassure the United Kingdom. Thierry Chopin, research director at the Robert Schuman Foundation, though, points to several difficulties: in the long term, more substantial progress in the field of fiscal and banking policy of the euro area, for instance, will require a significant change in the existing EU legal framework.

In the current political climate, launching a politically ambitious reform of the European Treaties is an unlikely option. Some progress could certainly be achieved without modifying the existing legal framework. The appointment of a full-time president of the Eurogroup is one example. The signing of an intergovernmental treaty among the members of the Eurozone is another. A treaty on Economic and Monetary Union could provide a solid basis for the signatory Member States to establish a more integrated economic and fiscal union based on financial solidarity as well as greater democratic legitimacy. Even so, an intergovernmental treaty is not a panacea, because it will increase the complexity of the EU's institutional map.

Whatever the option we ultimately opt for, we must avoid strengthening the dynamics of disintegration or the splitting of the EU. This means, for instance, that Eurozone members and non-members will have to balance their interests: the Eurozone must improve its ability to accommodate the interests and expectations of those Member States that remain outside EMU, while non-Eurozone countries should not be given the power to impede integration within the Eurozone. There is a real danger that the emergence of a multilayered Europe could lead to the creation of a “union within the union,” which could destabilize the EU as a whole.

REFORMING THE UNION

One major consequence of the European elections in May 2014 is that the EU will have to shift its attention back to the question of how to provide concrete results for its citizens by improving EU governance. In this context, the principles of subsidiarity and proportionality play a key role in EU policy-making.

The subsidiarity principle implies that the EU may only intervene if its actions are more effective than those taken by Member States. The implications of this are deeply political, as subsidiarity provides a strict framework for Union action. The principle of subsidiarity is closely bound up with the principle of proportionality, which requires that any action by the Union should not go beyond what is necessary to achieve the objectives set by the Treaties. Both principles are core concepts within the political process of the EU, and the subsidiarity- and proportionality-based narrative should be used by politicians when they explain EU policy outcomes to their electorate.

Both principles are also related to the role of national parliaments within the EU. The reasoning behind the Lisbon Treaty was that national parliaments would help to increase the democratic legitimacy of the EU. Filling up the legitimacy gap, along

with improving EU governance structures, is one of the Union's priorities for the future.

One of the greatest powers of national parliaments introduced by the Treaty is the right to control for compliance of EU legislation with the principle of subsidiarity. Admittedly, we need to find better ways to increase the level of cooperation between the European Parliament and its national counterparts. Let me propose two such ways. The first is opting for a stronger involvement of national parliaments in the decision-making process that would bring the EU closer to its citizens and ensure that the solutions devised at the European level take into account specific national or regional circumstances. The second is more active participation in the European Semester—both through inter-parliamentary cooperation involving the European Parliament and via national debates on country-specific recommendations. These would help to raise awareness and improve policy coordination at the EU level overall.

Reforming the Union is also about focusing its strengths on key policy areas: European institutions will have to become more focused in terms of what they want to achieve and in which fields they want to act.

In line with the principles of subsidiarity and proportionality, the Union must concentrate its action on areas where it can make a real difference and generate added value. The strategic guidelines presented by the new Commission President, Jean-Claude Juncker, provide the foundations for a more focused action at the EU level. According to his strategic agenda, the new Commission will thus concentrate on ten policy areas, leaving other policy areas to the Member States where they are more legitimate and better equipped to give effective policy responses. Key priorities of Mr. Juncker's agenda include the commitment to give a new boost for job creation and growth through additional private and public investment in the real economy, smarter investment and less regulation. I also agree that creating a connected digital single market and a real energy union with an ambitious climate policy is crucial. The same is true with regard to exploiting the internal market with a strong industrial base, so as to maintain Europe's global leadership in strategic sectors.

In addition, we need to rebuild public trust in the EU institutions, by addressing the current social challenges. The trust of citizens in the Union will ultimately depend on whether the EU can deliver economic growth and reduce unemployment. The European

Council's June 2014 conclusions offer a clear message in this sense: "the Union must be stronger outside, [and] be more caring inside."

STRONGER OUTSIDE, MORE CARING INSIDE

The EU has the capabilities to become "stronger outside." The Common Foreign and Security Policy (CFSP) is a key tool in this respect. Since the Treaty of Lisbon, the CFSP has developed new capabilities: a High Representative for Foreign Affairs and Security Policy, the European External Action Service, and the Common Security and Defence Policy (CSDP), with a focus on military and civilian missions reflecting a pragmatic approach to crisis management. These new capabilities enable the EU to have a greater collective influence on important foreign policy issues. Of course, the EU's influence in the area of foreign policy is still not proportional to what it could muster on the basis of its economic strength. Indeed, the EU still has a long way to go to build a comprehensive consensus regarding challenges that require a common response.

Achieving a common position is key to ensuring the added-value of the EU's foreign policy. EU Member States do have a common interest to succeed in this domain, even though the common interest may not always manifest itself in evident ways. According to the

Lisbon Treaty, the external action should aim at safeguarding the EU's values, its fundamental interests, its security, independence and integrity. The need for protecting these values has increased with the international system becoming ever more conflict-ridden. The crisis in Ukraine, the war in Syria, the rise of the Islamic State terrorist group in Iraq, and the Israeli-Palestinian conflict in Gaza illustrate this.

Enlargement and neighborhood policies provide another set of opportunities for the EU to strengthen its role as a global actor. EU enlargement is the most efficient tool we have at hand to expand these benefits to the continent as a whole. The larger and more united the EU is, the stronger we are on the international scene, both in economic and political terms.

Enlarging and deepening the EU are two complementary processes: the credibility of the EU and the credibility of the enlargement process are closely intertwined. Joining the EU brings with it an indisputable amount of benefits, but it also entails a number of obligations to ensure that the EU is not weakened throughout the process. The European project risks losing its relevance if we do not apply rules uniformly. Each candidate country has to be assessed according to its own merits, on strict, fair and even-handed conditions. The Balkans is an important example in this respect.

It is important to distinguish between the EU's enlargement policy and the European neighborhood policy. The aim of the latter is to offer support to partner countries that make efforts towards establishing a solid and sustainable democracy and economy, in line with EU values and standards. There are several elements to this new policy, including an increased conditionality, based on the principle "more for more," and a more specific approach for each partner country (each being assessed according to its own merits), as well as a greater focus on economic integration.

When it comes to our European neighborhood efforts in Eastern Europe, the EU's policy has been questioned. Recent events in Ukraine and the state of relations with Armenia and Azerbaijan bode ill for the future of the Eastern Partnership. Nevertheless, the historical signatures of the Association Agreements with Georgia, Moldova and Ukraine will eventually lead to a substantial increase in trade and solidarity on the continent. At the same time, it has become clear that a dialogue with Russia, as a strategic partner, notably in the context of the neighborhood policy, is essential. Be it in the eastern or southern neighborhood, our

policies should reinforce stability, security and prosperity in neighboring countries.

The negotiations regarding the free trade agreement with the United States, the so-called Transatlantic Trade and Investment Partnership (TTIP), provide another opportunity for the EU to become "stronger outside." The TTIP allows us to express European norms and values on a broader international scale and to define global standards. The five major emerging economies may well be enlarging their share in global trade, but the EU and the United States are still economic powerhouses. Still, as the global economy continues to evolve, the EU has to adapt and shape its economic development. The EU is by far the largest economic and trading power in the world. Europe remains an economic hub with an open economy, as evidenced by the fact that the EU is the first trading partner of 80 countries in the world.

Recently, the debate regarding the free trade agreement with the United States has become increasingly emotional. Those who are in favor of the TTIP claim that strengthening the economic relations between the two

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trading partners will not only boost economic growth, but also create new jobs. Historically speaking, free trade agreements have always helped to generate wealth. The EU itself is a powerful example: 36 percent of its GDP is generated through trade with other countries. TTIP opponents, on the other hand, deplore the lack of transparency regarding the negotiations on the agreement. Many fear that the United States could impose its standards on Europe, particularly regarding environmental and consumer protection.

While I believe that it is a good thing that the debate has caught the interest of so many people, I also believe that the EU can negotiate with the United States on an equal footing. Not only the size of the EU's economy, but also its relative openness, is a significant advantage in comparison to the more protectionist U.S. economy.

The EU should become more aware of its strength to actively shape the world economy. It has the means of effectively preserving its consumer rights and environmental standards. Also, the negotiating mandate of the European Commission comes with a provision stating that the European economic and social model, as well as the *acquis communautaire*, must be respected. Both the Member States and the European Parliament are regularly

informed about the progress of the negotiations. Furthermore, the negotiated treaty will be examined meticulously before it will eventually be adopted. We should also have in mind that this agreement must ultimately be approved by the Council of Ministers, and adopted by both the European Parliament and the legislatures of Member States.

In addition to strengthening its position abroad, the EU must continue to unlock opportunities at home. While structural reforms remain crucial, a European growth strategy needs to focus on completing the single market, particularly in the fields of services, energy, digital sectors and research. Integrated markets with open borders have created opportunities from which Europeans have benefitted, although the advantages may not always have been tangible to all. Indeed, the economic crisis has amplified (euro-)pessimism among citizens. The EU has to prove that it is “on the protecting side” of all its citizens, and not solely or primarily promoting business interests, as Herman van Rompuy declared in his speech upon receiving the International Charlemagne Prize.

Undoubtedly, the Union's policy has to become more socially oriented. The EU's ten-year growth and job strategy, entitled Europe 2020, is key here: the Union strives, among others, towards

a 75 percent employment rate among the working age population, and at least 20 million fewer EU citizens being in, or at risk of, poverty and social exclusion by the end of 2020. Admittedly, the implementation of these targets poses a great challenge to the Member States. Nevertheless, I am convinced that the best way forward for the EU is to embark on an ambitious social agenda that reflects a stronger sense of solidarity.

EUROPE—A SHRINKING FORTRESS?

Solidarity also matters with regard to another key issue: demographic changes and migration. Europe is the destination of many migrants, both legal and illegal. Not only are we witnessing a sharp increase in illegal border crossings by Syrian refugees, we also face a steady stream of migrants from North Africa, Libya and Egypt in particular, through the Central (Italy and Malta) and Eastern Mediterranean (Greek and Bulgarian-Turkish border), and the Western Balkans. We are also seeing an increase in detections reported by Hungary on its border with Serbia.

Following the tragedy of Lampedusa, concrete measures were proposed to prevent further loss of human lives in the Mediterranean and to better respond to the influx of migrants and asylum seekers. The proposed actions

have given rise to the Task Force for the Mediterranean. Moreover, the Italian Government implemented the operation “Mare Nostrum” in October 2013. Since then, many people have been rescued at sea. However, Italy has recently argued that it struggles to bear the costs of the rescue operation, which amount to € 9 million every month. Against this backdrop, I believe the EU needs to develop more solidarity. If every country was to make a greater effort, a better and fairer burden sharing would be the consequence.

In the context of this debate, the media has popularized the image of a “fortress Europe.” Yet, intra-EU migration is also a contentious issue, and one that is at the very heart of the European project: in the 1950s, migrant workers contributed substantially to the success of the European Coal and Steel Community. At first merely a political compromise, free movement for persons has now been enshrined in the Treaties as a fundamental right of EU citizens.

Curiously, the extension of this right to Romanian and Bulgarians citizens in early 2014 sparked a heated debate that depicts freedom of movement as a tool to seek social benefits—what some have called “welfare tourism.” During the electoral campaign, EU immigrants served eurosceptic and nationalist parties as scapegoats for

high unemployment and overburdened welfare systems.

The truth is, however, that in most EU countries the contributions generated by immigrants largely outweigh the social benefits paid to them, as an authoritative analysis by the European University Institute in Florence evidences. Rather than stealing jobs, immigrants complement the national labor market, thereby helping to meet the labor demands of the economy. In a Europe still shaken by the crisis, migration should be upheld as an opportunity tool to stimulate economic growth. I believe politicians throughout the EU should stress the importance of social cohesion for economic recovery.

According to projections by the United Nations, by 2050 the global population will be more than nine billion. However, demographic development varies across regions and macro-regions: in fact, the EU suffers from falling birth rates, a shrinking working age population, and a growing number of retired people. This consequently weakens the Union's growth potential.

Demographically speaking, Europe thus appears to be a shrinking fortress: in Germany, for instance, the proportion of people younger than 20 declined from 28.4 percent in 1960 to 18.4 percent in 2010, whereas the share of those aged 60 and older increased from 17.4 percent to

26 percent. I agree with Katerina-Marina Kyrieri, a lecturer at the European Institute of Public Administration (EIPA), who maintains that since the EU no longer has a real "demographic motor," immigration from outside the EU is one way to mitigate the negative effects of this demographic transition.

We should thus focus our efforts on revitalizing the EU's economy by implementing the Lisbon Strategy's calls for migrants to fill current and future labor market needs, as a way to ensure economic sustainability and growth. While the admission for employment should remain within the competence of the Member States, we must consolidate recent developments in the EU's migration *acquis* on the entry, stay and access of regular migrants to the labor market, as well as fostering their integration.

STRENGTHENING CITIZENSHIP AND IDENTITY

Given the migratory and demographic challenges the EU is facing, but also in response to the recent election results, the EU needs to invest more energy into fostering a shared European identity and building a "Europe of citizens." EU citizenship was initially introduced with the purpose of enhancing the European identity: it shall not replace national citizenship, but complement it. In this light, I would like to recall that the European project envisioned, from the very beginning, "an ever closer union

among the peoples of Europe." Respecting the diversity of Member States was, and is, the quintessence of the European identity: "united in diversity."

Faced with the rise of discontent, disaffection and protest throughout the Union, we have to promote a proactive EU citizenship by funding schemes and activities in which citizens can participate, promoting Europe's shared history and values. Eurosceptic groups across the continent suggest easy solutions to complex problems, but economic protectionism and national isolationism will do little, if anything, to improve the lives of ordinary citizens. The EU clearly needs to be more responsive to the demands of its citizens. On the other hand, citizens must, for their part, take on an active role in the political debate, be invested in community life and civil society.

The European Citizens' Initiative is one of many tools that are already at the disposal of citizens to approach EU institutions with their concerns and demands. The active involvement of the citizenry in shaping the EU's future development is a necessary ingredient if we do not want to live in an elitist "post-democracy," as described by political scientist Colin Crouch. The EU can only increase its input legitimacy if it manages to strengthen its participatory democracy, and if citizens use the means at their disposal to contribute actively to the political system of the EU.

Many citizens think of the EU as a bureaucratic and intrusive apparatus. The media plays a role in this characterization, as it often fails to present the politics of the EU in a transparent and attractive way. The financial crisis has only exacerbated this problem. I believe that most citizens have faith in the EU's founding principles—the peace project or economic integration—but many citizens across the EU think that "Brussels" is too intrusive and inefficient.

Conflicting politics and concerns about migration add to this perception. Citizens seem to be convinced that the EU does not understand their needs, complaining that their voice does not count—especially in those Member States where youth unemployment rates are worryingly high. These conditions make it easy for nationalist movements to entrench themselves in the public discourse. To stop the EU from being used as a convenient scapegoat for unpopular problems, we need to rethink our communication on EU politics and actions in order to avert an emerging antagonism between the EU and its Member States. We must change our method of communication, and place the common good at the center of our debates.

Many of the public complaints point to the Union's "capability-expectations gap" (to borrow the words of political scientist Christopher Hill), which denotes the

gulf between what the Union had been talked up to do and what it was able to deliver in terms of its capabilities.

We need to sketch, with the help of national media, a more realistic picture of what the Union should and can do. In order to narrow this gap, the Union requires credible capabilities. In his strategic agenda, Jean-Claude Juncker has already indicated that the Union has to focus more on key policy areas. Meanwhile, the new Commission will leave other policy areas to the Member States, who are simply better equipped to give effective policy responses. By narrowing its focus to policy areas where supranational actions are widely considered legitimate, it is ultimately possible to restore citizens' confidence in the EU. I therefore agree with Jean-Claude Juncker when he states: "I want a European Union that is bigger and more ambitious on big things, and smaller and more modest on small things." Overall, the EU must not only

continue to generate effective policies; it also needs to develop ways to better communicate the implications of these policies to its citizens.

PEACE PROJECT

The future of the Union is one of many diverse challenges. We should remind ourselves that, throughout its history, the EU has always been able to overcome crises by looking firmly ahead and continuing to promote enlargement and deepen integration.

A responsible commitment to solidarity and strengthening the EU represents nothing less than a commitment to the future of our countries. The value of Europe should not be taken against the background of a rational cost-benefit analysis—the cost-of-non-Europe-narrative can and should not be the only consideration. In terms of Europe as a peace project, there quite simply is no alternative. ●