



## **EUROPE IN A POST-PANDEMIC WORLD**

**REDEFINING DEMOCRACY, DELIVERING RESULTS  
A PLATFORM FOR A 21<sup>ST</sup> CENTURY EUROPE  
TEN IDEAS TO KICK OFF A DEBATE**

**(DRAFT – MARCH 2020)**



While we were drafting the paper of the MESSINA/TAORMINA CONFERENCE ON 10 IDEAS FOR A 21ST CENTURY EUROPE, the continent was confronting its greatest crisis since 1945, a crisis that not only promises to accelerate the pre-existing technology-driven mutations that have been overthrowing mainstream practices and assumptions but could also produce disruptive transformations in its own right.

As this still new crisis has been unfolding, it has become clear that the covid-19 pandemic has the potential to radically remake the fundamentals both of the European Union and of the whole Western European way of life. It could do so in a dramatically constructive way. Or, equally, in a dramatically destructive way.

The pandemic has, in fact, exposed fundamental weaknesses in what Europeans thought was their main strengths. Despite believing that they live in the portion of the globe that enjoys the highest quality of life, the most developed welfare, some of the largest pharmaceuticals and the best health-care systems, in fact many European countries – notably Italy, Spain, France, Belgium, Sweden, the Netherlands, UK itself – have been amongst the worst hit in terms of casualties and cases per habitant. This is a paradox that threatens our own trust in what distinguishes most the “European way of life” (as the President of the European Commission Ursula VON Der Leyen calls it).

The European Commission’s decision to propose an ambitious, unprecedented plan for recovery (the 750 billion euro NEXT GENERATION EU) which will be financed by the European Commission own resources is certainly the sign that COVID19 has triggered a sense of urgency which we never experienced before. However, the EU needs more: it needs objectives and decision-making mechanisms which can bring a great 20<sup>th</sup> century project in the new century.

History teaches that after the global wars of the twentieth century, new “world orders” have been crafted: the one conceived in 1919 after the first conflict around the “League of Nations”, was less successful than the one drafted in 1948 and culminated in the foundation of the UN, the IMF, the NATO and, ultimately, in Europe, of the European Economic Community (EEC) as the embryo of the current European Union.

We believe that time has come for a new start.

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This paper outlines ten ideas that have the ambition to kickstart a debate that must necessarily be fresh, sincere, passionate, and intelligent. Our belief is that the only way to save EUROPE, as the most successful political project that the West has conceived, is to radically re-think its institutions while gradually but effectively move beyond the Union we know. In doing so, we claim that the enemies of Europe are not only those who seem to prefer the ARMAGEDDON of bringing back the continent to a past which has proven to be disastrous. Europe is also poisoned by the persisting organisational inertia and lack of ideas which risks transforming a great project into a bureaucratic representation of itself. A fresh new vision and an injection of pragmatism are needed to wake up a continent whose worse nightmare is to absently accept its own decline.

The countries where most of the authors of this paper live are vivid representations of the uncertainties that characterise Europe, as well as its countries and citizens, today. The Brexit psychodrama managed to turn itself into an almost ultimate crisis of the oldest liberal democracy of the world; Italy's first full populist government amongst the founding members of the Union has fallen apart on the very narrow election of the new President of the European Commission.

No State – neither one of the most politically powerful one (this may still be the case for the UK in terms of its global status, symbolic influence, and diplomatic might) nor one of the founders of the club (Italy) – can act in the 21 Century independently from the broader European political arena, unless is prepared to pay enormous self-induced social, political and financial costs.

And yet, the Union as we know it seems largely dysfunctional and structurally incapable – for the way it was constructed – of solving its own gigantic problems (loss of industrial and technological leadership; lack of influence on its own neighbourhood and migration; growing mistrust in its own institutions amongst public opinions; slow to a cleaner, more distributed model of energy production and consumption). Achieving those goals is at the core of its mandate, but the Union still appears weak when challenged by global powers and over-bureaucratic when confronted with internal challenges. In its current setting, the European Union reminds largely of the dysfunctional institution of marriage in Italy, before divorce was made legal in 1974: in theory founded on the rhetoric of mutual respect and dedication, while in practice often based on reciprocal cheating (sometimes even of domestic violence) and disaffection, behind the façade of an eternal commitment from which it is impossible to escape.

Fundamental technological, economic, and even biological revolutions are reshaping the 21<sup>st</sup> Century European society. Whoever is truly “in love” with the European idea should call for a radical change of its very concept, so to survive its current stale and strive in the future for the benefit of all European citizens.

**This paper put forwards 10 concrete ideas to trigger such quest within an open platform. It is not a recipe for change but an attempt to feed a much-needed debate. The goal is to collect further ideas, to generate interaction amongst different opinions, to encourage a problem-solving exercise so that a Vision for a 21<sup>st</sup> Century Europe can become a common ground for anyone interested in moving toward a shared goal.**

The Platform is articulated as follows:

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## The Nature of the European Crisis

Despite the rebound of the European economy from the doldrums of the Great Recession of 2007, for example, trust in European institutions has not been restored. We can no longer just believe that the European crisis is – as Clinton famously posed it – “about economics, stupid!”

The European political debate is to be refocused on the very concept of democracy, the sense of community, and the effective response to a widespread lack of sense of purpose. This lack of purpose is a challenge for many European citizens and their families, but also large part of European businesses and even the institutions governing social and economic interactions. Europe is facing a shift from a sense of being part of collective endeavours towards individual – or nationalistic – cynicisms, and a widespread disaffection and hostility towards the “technocratic elites” that find in the European project and European institutions their most recognizable representations.

In a study recently mentioned by *The Economist* and conducted by the University of North Carolina at Chapel Hill, the ANTI-ELITE and the ANTI-EUROPE rhetoric are by far the most powerful factors explaining how vote preferences have changed in the last decade. Neither economic criticisms (being more or less concerned with inequalities), nor the debate on immigration (those who want to limit inbound migration and those in favour of a more open society) seem to be as powerful means to mobilise European voters as the resentment against the so-called “elites”.

It is, thus, imperative that we understand the reasons behind such shifts. How has Europe ended up coinciding with a (technocratic) elite? Why is the (vocal) public opinion so growingly hostile towards the very idea of a united Europe? Why years of debates amongst “progressive think tanks” around the concepts of “democratic deficits,” the “European demos,” and the “widening distance between institutions and (especially young) citizens,” have not prevented the EU from becoming more and more alienated to a growing share of its citizens?

We suggest the answer is to be found in a mix of wrong policies, unassigned accountability, too ambitious agendas backed by limited resources, exaggerate dependence on Member States on policy decisions in areas where greater responsibility should sit within the Union as a whole. The co-existence of all these factors is paradoxically mutually convenient both for national politicians, who have a scapegoat when their policies go awry, and for European officials who can act as impartial technocrats without the need to go through gruelling (re)election campaigns. The Union today is a convenient and ambiguous wedding of interests where parties specialize in pursuing their own self-

interests. It is however a fragile Union, one lacking appropriate mechanisms for adjusting to crises and challenges which are increasingly relevant in contemporary societies.

This is the obscure disease affecting the dream of generations who grew up finding it natural to travel freely through Europe and perceiving such travel as a formative experience similarly to the German artists who found the “grand tour” of Southern Europe an essential part of their *bildung*. Recently, then, Europe lost its final bastion: Angela Merkel. She grew up on the other side of a wall, the destruction of which motivated the West during the time of her political development. As a chancellor, she ran a country being able to export more than China and, for a decade, stabilized a continent in decline. With her leaving the scene, there is no sense of leadership guiding Europe, besides decrepit parties with stale European notions: the following ten ideas could not be timelier.

## Ten Ideas to Renovate Europe

It is our obligation to pass from lamentation to ideas and action. It is our determination to “take back” the responsibility of our future and the future of our children. This is where our ideas start.

### 1. Europe Beyond the Union: A Pragmatic Approach to Multiple Integrations

The Union performed the extraordinary task of transforming into a peaceful haven the continent that hosted the two bloodiest wars in the history of the world. But this past success is not enough to keep it alive today: it needs institutions that move at the same speed of the new, more subtle challenges of the 21<sup>st</sup> Century.

Institutions – normatively conceived by German philosophers and pragmatically justified by British ones – define the structure of a society, shape social behaviours, and frame economic transactions. As such, they are “inflexible” by definition. And yet, such inflexibility has become the root of their failure, particularly in a century constantly reshaped by technological progress and innovation. Technological progress today shows an unprecedented path of acceleration, forcing States and International Organizations – including the European Union and its related institutions – to constantly mutate in order to adapt.

Because of this mutation, information (and thus power) is continuously and rapidly redistributed between old and new actors. This redistribution exposes institutions’ rigidity, and rigidity carries the risk of implosion. Still, complex, contemporary societies cannot afford for institutions to simply fade away, as they are in desperate need for more capability to govern such complexity. Instead, the good governance of complex, contemporary societies requires more “flexible” institutions, albeit the statement may sound like an oxymoron.

European institutions are, in fact, steeped in flexibility. And yet it is a flexibility that resembles ambiguity and must be rethought in order to efficiently govern a society “liquefied” by the fast pace of technological development.

The European Union is made of multiple agreements, such as the Euro, Schengen, and the Common Market. This patchwork of treaties has resulted in well-known “flexible geometries.” Yet most of these integrations are half-hearted, not serious, and contradictory. To be more effective, European institutions should focus on the value added by what they can provide thanks to the geometries

already in place. Such an effort would concentrate resources in areas that are out of reach for Member States.

To do so, European institutions should reverse the current approach: fewer partnerships but with complete allocation of power and responsibility. These fuller integrations need also to be freely and wholly accepted by Member States, so that they transparently delegate their sovereignty on matters that will have become European authority. This would help avoid ambiguous “shared jurisdictions.”

This implies that, for instance, those States that freely decided to adhere to an area of free *movement* (what is now intended as SCHENGEN), would accept a single border, a single body of police that patrol it, a single code of law that regulates its crossing, the issuance of work permits for the area, and its asylum rights. Those States that freely decide to adhere to an area of free *trade*, would also accept that tax rates on corporations are similar across the entire area, so to avoid competition among states that leads to races to the bottom. If the people establish that only the European Union deals with climate change, then it should be only the EU to have a seat at the negotiations and to represent the interest of its Member States; and it should be the European Commission to fine enterprises that pollute over a quota or to award cities that keep emissions low.

Stronger, fewer partnerships also imply the possibility to change – through predefined procedures and by paying pre-established costs – members if economic or political conditions make those partnerships not sustainable any longer. Members of such flexible partnerships should in fact also be able to break away through pre-established mechanisms which will be, of course, different and less costly according to the nature of the related policy (it would be probably particularly long and costly to leave a common defence framework).

The first step in ensuring Europe’s survival is, thus, more clarity and efficiency, less ambiguity and rhetoric.

## 2. Global Digital Platforms as the *Raison-d’Etre* Of 21<sup>st</sup> Century States

If any policy area is evidently supranational, it is the regulation of global digital platforms. It is there that the struggle towards the leadership of the forthcoming industrial revolution will occur and this is the question where scale is hugely important and member states are more evidently too small to matter.

In the 18th Century, the construction of modern nation States found its powerful economic motivation and then legitimacy in the need to develop transportation infrastructures. Roads, railways, squares, and ports would allow factories to exchange goods so that they could specialize and increase productivity using the marvels of mechanization.

Digital platforms are the equivalent of those infrastructures. They are the “pathways” through which services, goods, ideas, and relations are channelled in the 21<sup>st</sup> Century.

So far, though, Europe let its own future slip through its hands. A handful of private companies – some only recently made public in the US (and, as such, regulated by the SEC), others Chinese (and, as such, rigidly controlled by the Chinese Communist Party) – own the contemporary “infrastructure” we all use. The European Commission has only recently started to address the issue

of personal data property rights (GDPR), rights of platform workers (UBER) and taxation (CCCTB). Meanwhile, individuals' rights, elections' legitimacy, and innovation's future are at stake, due respectively to a problem of information asymmetry, fake news, and monopoly.

It is, thus, a question of state-of-the-art regulations and policies, but also of investments: both in new, public European platforms and in start-ups that will create services for those platforms. A top priority for Europe be fostering venture capital through close-end funds to be created as partnerships between States and the financial operators with the skills to provide support and foresight to new companies. Recently France has been an interesting benchmark. China and USA have got their champions which have been the result of private entrepreneurial initiative and proper industrial policies<sup>1</sup>: it is probably time for Europe to have a strategy of similar scale and ambition.

It is relatively simple to identify where Europe would find the necessary resources to engage, through renewed institutions, in a battle between the United States and China: taxing existing, private platforms. The French proposal to apply a flat rate on the American and Chinese giants' revenue from any EU territory is reasonable, and it should become the first tax collected directly by the EU. But a long-term grand plan is still lacking, leaving Europe in the struggle of competing with global giants without a single, significant platform to call its own.

### 3. European Demos and European Citizenship: A Bundle of Rights and Responsibilities

If Europe plans to restart, it can't do so from its currency. Delors and Kohl's noble idea of reverse-engineering continental integration has been stretched to the max, and actions must be taken.

The least common denominators of any State are its schooling and youth educational systems. One of the most successful EU projects thus far has been the Erasmus program, which has allowed young men and women to freely move from country to country during their tertiary education. Re-founding Europe starts by founding a European citizenry, which would co-exist with national ones. However, European citizenship would also imply the acceptance and promotion of common values, rights and responsibilities.

Amongst those, a compulsory attendance of educational institutions in several European countries for kids can be introduced as part of mandatory schooling. A European civil service program, based on the Swiss model, would integrate academic life with professional education and internship experiences across several countries. And boost a sense of solidarity and unity across young Europeans. Younger students could also aid elderly and marginalized citizens.

The European citizenship that we envisage may even be a bundle of personal rights and civil duties that not comes automatically just because of a natural status linked to being born in a member state. In a 21<sup>st</sup> century contest even citizenship may be part of a choice in a context that may allow for multiple identities (national, European, local).

The funds for financing a Europe of Knowledge already exist. Agricultural policies could be nationalized, and the funds currently allocated there used to facilitate the mandatory nature of an Erasmus program extended to secondary school students and civil service programs. Free for all!

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<sup>1</sup> As for Marianna Mazzucato's research on the USA (2014) but also for Francesco Grillo and Raffaella Nanetti's investigation on China (2019)

## 4. From Text-book Reforms to Agile Experimentations

A Union concentrated on a more restricted number of priorities is to be backed by more pragmatic policymaking based on trial-and-error experimentation. In this era of frenetic technological, social, and economic transformation, it is impossible to predict the extent to which a complex society may react when faced with new policy approaches or redefined institutional settings. Reforms cannot and should not be introduced on the entirety of a vast territory without methodical, systematic, local experimentations. Thus, outcomes can be evaluated, emerging solutions for other regions identified, and knowledge easily created and shared.

Moreover, current funding programmes should be reorganised to become leaner and more efficient, to leverage private investments (e.g. warrants) towards greater and more accessible financial support in areas of political priority. The European Commission's field research initiatives, such as soft-science Horizon 2020 projects, need to become a portfolio of societal experiments with clearly defined problems and objectives. Sectoral programmes should introduce more efficient and simplified eligibility criteria to be fully accessible to SMEs and systematically open to neighbouring countries to favour European leadership in soft diplomacy and innovation.

## 5. Europe as a Laboratory of the Democracy of the Future

Democracy provides a means to solve problems by aggregating scattered intelligence and information into solutions which are shared by an enough large number of people.

In a representative democracy the institution which is supposed to make such a transformation of individual preferences into a collective choice is the Parliament and the European Union is the only supranational institution which has got a Parliament elected by citizens.

And yet since 1979, the first time that EP was elected, voter participation has dropped by five percent each electoral cycle while its power has progressively increased. The paradox of the EP may, in fact, be one of the most dramatic examples of how representative democracy itself may be in trouble. Europe may have, indeed, as one of its main mission to be a laboratory of the democracy of the 21<sup>st</sup> century which needs to experiment (and then institutionalize) forms of citizens' engagements that go beyond instruments which were thought for a different century.

Vision's intuition is, therefore, that the question of filling the famous and yet still great "democratic deficit" is not only about the technical issue of how power is allocated but the lack of political arenas both at national and trans European levels.

The current European electoral law of the EP reproduces, for instance, mechanisms that assume that the only way citizenship can be conceived is at territorial level. This is an assumption that becomes even more obsolete when we are talking about super national institution to be elected in an era when Internet as greatly reduced the transaction cost for citizens to aggregate themselves (as the experience of the 5 Star Movement or *En Marche* demonstrate). As electoral colleges are territorial (by province, district, or region), candidates with a greater attitude towards mobility across Europe are paradoxically at disadvantage due to their more dispersed constituencies. However, their transnational experiences can provide vital support to a supranational union. This is a problem that technology can resolve, as a European electoral college can and should be



established for candidates and voters who decide to be part of it (and not of place based, national electoral constituencies).

Innovating democracy in the European Union could start by studying the following examples:

- a) Estonia, where, after e-voting was introduced, electoral costs plummeted, and more voters than before expressed their political will;
- b) Switzerland, where referenda are held in impeccable fashion;
- c) Canada and Australia, where methods of participatory democracy are being institutionalized.

If Europe becomes a laboratory of a new form of “knowledge-based” democracy, we may even dare to introduce some forms of competence-based requirements for being elected, or rewards to candidates who possess certain easily-assessible skills (for instance, multiple-language proficiency) that can be regarded as essential for a supranational institution.

For the President of the European Commission (or the responsible of a certain partnership as for the idea number one), it should be considered the possibility to have her to be elected by European citizens. This would allow for continental, political debates that couldn't be reduced to mere national interests.

More complete and fewer integrations, like the ones we were talking about in the first idea, demand citizens to be engaged. The Europe of the future will have to dare to more systematically ask its citizens what they want to do both with Europe wide and national consultations. Referenda on Europe were often lost, yet this was the more often the result of poorly designed campaigns. It is a risk, but democracy is about an intrinsically risky learning experience. The alternative is to continue with weak, ambiguous partnerships that are increasingly inefficient.

## 6. Africa and the Middle East

A growingly inward-looking Europe is limiting its leadership role in an ever-changing global civilisation. Exploration, consequently, is no longer as valued as it once was.

European “exploration” wrote some of the worst pages of history (colonialism), but it also paved the way for progressive social movements (1968) that have been vital for societal rejuvenation, both in psychological and demographic terms. Europe has left its neighbours – or better yet, its ex-colonies in Africa and the Middle East – to their own fate, and to the aggressive leadership of other global players with limited (if any) commitments towards strong European values such as human rights and civil liberties. Syria, Libya, and Palestine are burning, while politicians rant against the invasion of “foreigners” and the populace soaks it all up in front of a myriad of screens.

A renewed Europe must ensure and facilitate a strong leadership for those global tasks that single member States cannot autonomously fulfil. Amongst those, Europe can certainly ensure a platform for socio-economic dialogue with the broad markets represented by neighbouring macro-regions. The African continent, for example, holds great economic opportunities that the Chinese are exploiting with the same methods that raised out of poverty 700 million of their own people. In China's eyes, Africa is a great market opportunity and an area in which to foster political leadership. Similarly, the Black Sea and Central Asia are areas where China, Turkey, and even Russia compete for the access to vital resources and market opportunities.

Given the extent of European interests that lie there, neighbouring regions are essential territories in which a stronger Europe should grow in its economic, social and democratic leadership. Trade agreements that lift excessive duties on African exports to Europe should be established. In turn, African countries need to be able to establish protectionist policies for domestically-produced goods and services, such as accessing quality and affordable European technology. An economic rebalancing ought to ease migratory flows, which could also be further regulated by establishing, through transparent and democratic oversight criteria and processes, a wider area of free movement. New technologies will be key to this undertaking, and they will also serve to perfect peace keeping.

Europe should favour intelligence gathering and monitoring over blunt military intervention as a tool to revert instability and foster democratic practices worldwide. Vast military campaigns only further sow the seeds of discord, which in turns fuels flow after flow of unregulated migration.

## 7. Moving the Euro (and the Banking Union) Beyond The Rhetoric of the “Too Big to Fail”

The most evident problem of the Euro is that it absorbs the entire debate around the future of Europe. We talk too much – more than we ought to – about the Stability Pact (which also needs to be redesigned) and about the trench warfare between the Evangelists of Austerity (the Germans and their allies) and the Champions of Flexibility (the Italians and co.). The Euro needs to be less dramatized.

The Single Currency was not invented, as some speculate, to favour big, “bad” banks. Since banks (especially investment banks) profit off multiple currencies’ unstable exchange rates, a monetary union could not have emerged from their scheming. Instead, the Euro was constructed as a purposefully imperfect mechanism, so that Delors’ prediction – that the imperfect mechanism would necessarily build up pressure for a more complete union – might occur. Unfortunately, that hasn’t happened. The continent instead is agonizing over its monetary project, which should, as any agreement, feature an exit clause.

Reframing the monetary issue also means rethinking the role of central banks. If Internet erodes the age-old monopolies on information, then it will also do away with the power of lending money, which is nothing but information itself. There’s no “money tree” or “magic button” that can give way to growth. If the Union established more realistic, pragmatic, and limited goals, we could free up space for technologies that would acquire and share information at a much faster pace, and thus raise productivity.

At the same time, a stronger single market and a valuable currency require the interplay of equally capable, efficient, and stronger European Countries. To ensure European stability, it is essential to move away from a purely bureaucratic “sanction-based” approach towards proactive engagement and support for strengthening of national capabilities. Stronger support for peer-to-peer consultations, exchanges, twinning, and capacity building are essential in moving beyond the current formalistic exchanges, through which a presumably technocratic and centralised Union exchanges formal letters and communiqués with national governments in a ranking of reliability and capability. Instead greater competences should be placed at the Union level, through fully democratic and transparent processes, to favour more active and proactive support and monitoring.

For instance, local European Anti-corruption Offices could be nominated and act in a coordinated manner under the direct line management and independent supervision of the Union, so to ensure full impartiality and cross-country cooperation in Europe.

So far, progress has been made around the Banking Union with the essential objective to overcome the “too big to fail” syndrome. Although the reforms are still to be completed, the idea that some economic actors are immune to the possibility of default creates a moral hazard, which transforms rigidity into further vulnerability. Just as procedures to leave the common money cannot be excluded out of some Hegelian interpretation of the nature of the States, the possibility for a national default must also be seen as a fact of life. One that comes at great cost, but that is neither impossible nor the end of the world.

Defaults have, in fact, technically already happened (partially in the case of the rather badly managed Greek crisis with the second bailout in 2012) and some flexibility is not even excluded by some monetary economists<sup>2</sup> who have been advisors to Angela Merkel’s government.

The question is, however, to draft procedures so crises are not tackled too late. The goal is to minimize their costs, both for present and for future generations. It is crucial that responsibility for the mismanagement of a State be reasonably distributed between governments and public administrations, so that public services and protection of more fragile part of the population are sheltered in case of insolvency.

We believe that even the approach to the Euro and the sovereign debt must be pragmatic. It is foolish to not consider a default or an exit from the currency as possibilities. Any wise administration would plan for such events, in order to minimise their destructive potential.

## 8. A Distributed Model to Produce and Consume

With all our attention focused on monetary supply issues, we tend to forget the challenges and opportunities posed by an effective management of the environment and the sustainable cycle in consumption and production of goods. The cost we pay for such negligence is too high, and if we don’t make intelligent decisions about which currently available technologies to adopt soon and the best policies to accelerate their take over, we may not have a second choice.

Like for the argument on digital platforms (idea number two), the question of energy/ environment requires scale. China’s progress says that scale is indispensable to have more effective regulations (incentives and disincentives which are able to encourage the transition), stronger positions versus the energy producers (Russia, Saudi Arabia..) and for the economies (of scale) necessary for certain industrial and technological breakthrough (like, for instance, the run up to cost parity of solar energy versus fossil).

Transforming production and consumption processes through the implementation of the correct technologies needs to be at the core of a new Europe, along with the transition from fossil fuels to renewable sources of energy and a fully circular and sustainable economy. On the world stage, Europe has been the leader in championing the concept of circular economy and adapting such

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<sup>2</sup> Clemens Fuest (with Friedrich Heinemann and Christoph Schröder), "A Viable Insolvency Procedure for Sovereigns in the Euro Area", *Journal of Common Market Studies* 54 (2), 2016, 301–317

models in a range of strategic sectors (e.g. Maritime Activities and the Blue Economy), but it should accelerate its path of adoption and innovation to play a role of true, global leadership.

Similarly, Europe has led the global fight against climate change, and it must define leaner and more practical architectures to foster its role in coordinating the diverging interests of its member States, so to play wisely its critical mass as part of global negotiations and political agreements. China is changing at an astounding speed: from being a huge polluter, it is becoming an environmental champion, thanks chiefly to the scale of its investments in the sector. A good portion of the future budget of the European Commission should go toward similarly vast scale projects.

## 9. A Rebalance of Powers: More Cities and Less States

The Europe Union of the future will not just be a club of Nations. Indeed, it will be a flexible constellation of institutions of diverse levels clustered around specific objectives. Regions, citizens' organizations and – importantly – cities. Cities are in fact the place where European citizens and businesses are based: it is in cities that social and business innovations happen and where most of the burning challenges of the 21<sup>st</sup> Century emerge and can be addressed. Cities are an important laboratory for change, since they boast a higher visibility on average than most regions.

It is inconceivable, for instance, that Cohesion Policies see cities as marginal institutions hosted in the Regions Committee, which in turn is limited to a consultancy role when it comes to deciding how to spend €300 billion on local development. To once and for all end discussions around a common budget and expenditure at the start of every seven-year cycle, Europe needs to go beyond its toxic dependency on member States and find in cities a new ally for change.

This is, for instance, very clear with reference to the question of environment/ energy (idea number eight): large cities are even more important and structurally closer to questions like climate change or air quality than member states, as the tension between the Trump administrations and most American majors has shown in 2017. A bolder EUROPE beyond the current EU may even envisage to provide a partnership of European cities with specific budget and power (whereas now the “platform” amongst European mayors – like the “covenant of mayors” – do mostly have a useful but limited role of dialogue amongst administrators<sup>3</sup>).

## 10. A Re-Organized, More Efficient Commission

The last point regards the Union's governance. Too often officials mirror the lack of accountability of European national public administrations.

These officials have too few incentives for reaching their goals, which are not always well-defined. There are too many officials at the centre, while there are too few in the territories where the Commission's projects unfold.

Performance evaluation schemes need to be designed to better assess the work of EU officials. By the same token, incentives should reward the best performing among them.

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<sup>3</sup> At global level there are the certainly more visible alliances of cities like the C40 led by the Mayor of Paris Anne Hidalgo and financed by US (Bloomberg), UK and Danish sponsors and the UN sponsored Compact of Mayors. They are both focused on climate change related issues and yet they also lack precise institutional recognition and are still not part, for instance, of the 195 members of the *plenary session of the Intergovernmental Panel on Climate Change* as key global policy maker.

The progressive obsolescence of bureaucracies is one of the common trait of public administrations everywhere and yet we would argue that who has the privilege to work for an international organization should accept the challenge to be the forerunners of the more flexible, accountable, solution oriented public administrations that the speed of the new industrial revolution requires.

## The Road Map Ahead

Just at the time we started to draft this document, a French - Germany led initiative on digital taxation was rejected by the ECOFIN (European and Financial Affairs Council) because of lack of unanimity. It was just an umpteenth demonstration of how difficult is to reform the Union which has not only grown in terms of participating member states but also more diverse in terms of national interests and different ideological stances on issues as central as democracy.

This time was different because of the political weight of the two proponents (the first and the third largest economy of the continental Union, two founding member states) and the importance of the question to be decided (the digital taxation is even seen as the one that could be the first tax to be levied directly by the Commission). However, this time was even more different because of the consequence of the failure of the Union to act. The French and the German government did not exclude the possibility to act in autonomy by establishing their own partnerships (with their closer partners like Netherlands and Belgium) and even more remarkably the European Commissioner (Moscovici) reacted by issuing a road map explicitly mentioning the need to identify areas of taxation for a move to qualified majority voting”.

Vast modifications of the treaties seem not realistic and politicians who are campaigning asking for similar changes seem to almost find the usual excuse for later failures. However a different, zero based approaches can make possible indispensable transformations whose impossibility seem to condemn Europe to a long decline made of a permanent “too much ado about nothing” syndrome.

Our vision is that Europe needs efficiency. It needs to be based on partnerships that are fully agreed upon by national constituencies, that are fully implemented, and that are fully amendable. Any good agreement necessitates an exit clause. Mechanisms that would assure overall stability in case a member State wishes to alter or sever ties with the Union need to be in place. By the same token, whether through referenda or through Parliamentary vote, citizens need to fully understand the challenges and the options at stake while deciding to adhere to a renewed European Union.

This Union must be able to fully execute its mandate. It will need its own budget and inlays. Member States must accept that there will exist different, clearly defined levels of jurisdiction: European, national, regional, and city-based. Each level will take initiatives on specific fronts: the EU on tackling climate change and global, digital platforms; member States on agricultural and industrial production and distribution; regions and cities on local, direct democracy.

Transnational constituencies should be allowed in a continent that will witness increasing exchange of citizenries through education programmes. The Union itself should thus not be staffed based on national quotas, but on results achieved while in office. Finally, a clear and sound foreign policy, one that would allow more equitable conditions to raise living standards in currently unstable neighbour countries, would have to be agreed upon.

Obsolescence is not an option. Anyone entertaining it has given up on a project that can and should be reformed into a hallmark of the 21<sup>st</sup> Century.