

## General Observations and Main Conclusions of NPE Events

15 June 2015

This document makes a number of general observations and provides an overview of main conclusions of a series of debates on the second New Pact for Europe (NPE) report, which was presented and discussed at over 30 public and non-public events in a majority of EU Member States. These events took place between December 2014 and June 2015, and brought together policy-makers, stakeholders, experts and 'ordinary' citizens from all over Europe. For more detailed information about the events and reports produced in the framework of the NPE project see: [www.newpactforeurope.eu](http://www.newpactforeurope.eu)

### Executive Summary

*The European project appears to be stuck, unable to adequately move forward in response to the many challenges we face. Although much has been achieved in recent years and although the overall climate is better than in 2012, most people believe now is not the appropriate time for a fundamental EU reform. The debates on the New Pact for Europe proposals in Member States underlined a significant loss of confidence in 'Europe' and the need for wider national and trans-national debates about the EU's future. Both elites and ordinary citizens want more clarity about the future prospects for European integration and why it is in the interests of their countries to be part of the European project. The national events also exposed a significant divide between Member States due to different perceptions and diverging interests, which have led to increasing cleavages and dividing lines within the EU (euro/non-euro; centre/periphery; north/south; creditors/debtors; east/west; old/young Member States). Reactions to the NPE report revealed broad agreement on the need for a new 'grand bargain' and that the three pillars of such a new pact it proposes – an Enabling, Supportive and Participatory Union – provide a sound basis for elaborating and implementing a new package deal reflecting the diverse interests of Member States. However, participants in many EU countries were sceptical about the prospects for a comprehensive pact, given the current widespread negative political and public mood about the EU. Some argued in favour of a more differentiated Europe, while others warned that the creation of a 'core Europe' risks splitting Europe apart. A vast majority agreed with the report's call for the EU to heed the lessons of history and seek to identify and implement a new 'grand project'. There was also agreement in many EU countries that an Energy Union could be a unifying factor with potential beneficial knock-on effects in different policy areas. However, participants in national events questioned just how much could be achieved given the various constraints on the implementation of an Energy Union. Some argued that the EU should not pursue one but a number of different major initiatives, including creation of a Digital Single Market, a Capital Markets Union, major infrastructure projects in areas such as transport and communication or even a 'European army'.*

### General observations

- The NPE report and the events in the Member States were regarded as a very welcomed **platform and opportunity to trigger and intensify national debates** on the prospects for European integration.

- Participants at various events highlighted the need to **extend such debates beyond narrow elites to include the wider public** in discussions about the EU's future. Many also argued in favour of **making these debates trans-national**, bringing together people from different Member States to foster understanding between countries and national societies ("we need to know and understand each other better and have to realise that we are part of the same community").
- The debates in many EU countries (especially in older Member States) revealed a **significant loss of confidence in 'Europe'** ("crisis of national European narratives"), for different reasons which generally have to do with the specific situation in individual EU countries, and people's specific expectations of – and hopes for – their country's membership of the EU. **Elites and ordinary citizens want more clarity about the future prospects** for European integration and why it is in the interests of their country to be part of the Union.
- The national events exposed a **significant divide between Member States due to different perceptions and diverging interests**, which have led to increasing cleavages and dividing lines within the EU (euro/non-euro; centre/periphery; north/south; creditors/debtors; east/west; old/young Member States). European citizens are living in very diverse economic and social conditions and evaluate the 'state of the Union' and the situation of their country in the Union very differently. At times, **it seems as if they are 'living on different planets' making it much harder for them to understand each other and to find a joint basis for compromises** at EU level.

### ***State of the Union and main strategic challenges***

- In general terms, there was fairly **broad agreement** with the analysis of the **state of the Union** and the **two interlinked strategic challenges** identified in the second NPE report: those posed by economic, social and political **fragmentation** within and between Member States, and the perception that **European integration is no longer a 'win-win'** for everyone.
- There was also broad consensus that the **current situation in the EU is far from satisfactory** and that many things remain to be done, especially to address the specific economic and social problems in a number of EU countries and the remaining structural deficiencies in the Economic and Monetary Union (EMU).
- However, participants in many countries felt that the report's **analysis was somewhat too negative/pessimistic** and that it **underestimates or omits some promising developments** including: **(i)** the progress already made towards creating a more integrated euro zone and the increased notion of interdependence, especially among the countries sharing the same currency; **(ii)** a more promising economic outlook for the EU/euro area; **(iii)** a new sense of dynamism in Brussels following the Juncker Commission's entry into office; **(iv)** a decline or peaking of Euroscepticism in some Member States, while public opinion in others (especially in Central and Eastern Europe) was not too seriously affected by the euro crisis; and **(v)** the (slight) increase in trust in the EU and its institutions indicated by Eurobarometer polls. Others underlined the need to evaluate the state of the Union from a more global perspective, which shows that the **EU/Europe is still doing rather well compared to many other parts of the world**.
- The debates showed that even after several years, there is still **considerable disagreement about the nature and main root causes of the 'grand crisis'**. Some discussants (especially policy-makers in some Member States) argued that the lack of a shared common analysis significantly hampers efforts to further reform the EU ("only a correct diagnosis can lead to an effective treatment").
- A number of participants argued that **some challenges did not received enough attention in the NPE report**: **(i)** the many challenges to Europe's external and internal security, especially in light of Russia's increasingly assertive foreign policy; the terrorist attacks in Paris and Copenhagen; and the tragedies sparked by increasing migratory waves in Southern Europe; **(ii)** the future relationship between the UK and the EU, and the potential consequences of the upcoming referendum ('Brexit'); **(iii)** increasing divisions between core and periphery EU countries ("crisis of non-convergence"), especially the increasing divide between euro and non-euro countries, and the potentially negative

consequences of a two-speed Europe; **(iv)** demographic challenges related to shrinking and ageing populations; and **(v)** challenges posed by a rising tide of secessionism in a number of EU countries.

### ***Need for a new pact and level of ambition***

- The debates demonstrated a **wide appreciation for the need of a new grand bargain/package deal**, which takes account both of the different interests of Member States and the complexity and multiple nature of the crises facing the EU and its members. There was fairly broad agreement in most countries that the **EU reform process has lost momentum since 2012** and many argued that, while much has been achieved in recent years, the **Union now appears to be stuck**, incapable of further deepening integration substantially.
- With respect to its **level of ambition**, there was a mixed reaction to the second NPE report. Overall, a **majority of participants** in national events **acknowledged that the report's proposals are ambitious while at the same time realistic**, thus trying to find the middle ground between pragmatism and the widely-acknowledged need to go beyond the current *status quo*. However, some participants argued that the legal implications of certain proposals included in the second NPE report were not clear.
- Some participants (especially policy-makers) argued that much has already been achieved, the **EU and its members should not be over-ambitious**, and **some of the proposals in the report are too bold** given the current mood and sense of caution in most Member States among both political elites and the general public.
- Others (EU experts and analysts in particular, but also representatives from southern European countries such as Italy, Portugal and Spain) argued that there is **no time to waste** and the EU needs to generate new momentum in order to re-launch the European project and regain citizens' support. Consequently, there is a **need for more original ideas and a more substantial and fundamental reform process going far beyond cosmetic innovations and some of the measures advocated in the report** ("it looks like an EU document"). But some argued that to generate this new impetus, there is a need to break the vested political interest at national level, which defends national prerogatives and thus obstructs a further deepening of European integration.
- A **minority of participants argued in favour of a major (federal) leap**. They acknowledged that the **chances of 'jumping into the deep end' have been, and remain, rather slim**, but felt that moving towards a fully-fledged economic and political union should be the ultimate goal.
- Participants cited a **number of key reasons why the EU is not likely to move towards significant reform in the current climate** ("need to wait for better circumstances"): **(i)** a lack of political appetite for further integration and no readiness among either elites or the general public to further pool sovereignty; **(ii)** a lack of trust between Member States which is detrimental to far-reaching cooperation – a new pact would require confidence that other parties will keep their side of the bargain and that confidence is currently missing; **(iii)** no common analysis of the origins of the euro crisis ("different crisis appreciations"); **(iv)** a lack of visionary political leadership; **(v)** the fear of treaty change and the very real danger that a new treaty might once again fail to be ratified in all Member States (the 'constitutional trauma' of 2005 still looms large, especially in the minds of those in countries requiring a referendum – France, Denmark and Ireland); and **(vi)** a conviction that the Lisbon Treaty still offers ample legal room for manoeuvre to extend cooperation in certain policy areas and with respect to economic governance reform.
- Some participants, especially in founding EU countries, argued that a **more differentiated integration** is the only viable way to deepen integration, given the growing gap between those Member States willing to proceed towards more supranational integration and those anxious to preserve national sovereignty and prerogatives. They called for a multiple-speed Europe in which those countries ready to move ahead in certain policy areas (especially in the euro zone) would further intensify levels of cooperation/integration. Many argued that a **re-definition of the relationship between the EU and the UK will increase the need for a two- or multi-speed Europe**. Others again, especially in

relatively new Member States (including Estonia, Latvia, Hungary, and Poland), argued that the **creation of a 'core Europe' bears a number of potential risks** which could split Europe apart.

- In a number of debates, especially in some of the older Member States, participants referred to a **loss of faith in the European project** (“psychological crisis”; “ideological crisis”) **among the general public and parts of the elites**. In this context, they felt the **NPE report should offer a new narrative/ vision** setting out the benefits and the (future) added value of European integration and inspire the public by giving people a stronger sense of the EU’s ultimate purpose (*raison d’être*). In this context, some participants argued that there was **no need to re-invent the wheel**, but rather to adapt the EU’s basic narrative to today’s internal and external challenges. Many said this **new vision should be linked to Europe’s future global role** in a changing international environment in which Member States, regardless of their size, cannot properly defend their interests on their own.

### ***General reactions to three main pillars and grand project idea***

- Most participants felt that the three pillars for a new pact proposed in the report – an Enabling, Supportive and Participatory Union – provide a **sound basis for elaborating and implementing a new political grand bargain/package deal**, which is necessary to generate new momentum. They argued that the different pillars provide a solid foundation to deal with the two strategic challenges identified in the report (fragmentation and the loss of ‘win-win’).
- However, participants in many Member States (even among those who supported the idea in principle) were somewhat **sceptical about the prospects for a comprehensive bargain/pact**, for different reasons: **(i)** it would be very difficult to agree a comprehensive package deal given the widespread preference for consolidating past achievements through small incremental steps; **(ii)** history has proved that European integration is most successful when the EU reacts to immediate challenges/crises and not when it tries to elaborate ambitious plans which are not well received and not implemented in practice; **(iii)** there is a tendency in the EU (and especially in the European Council) to concentrate on individual issues, which undermines attempts to elaborate a complex political bargain involving different policy areas; **(iv)** new political actors/movements are challenging key elements of the ‘old bargain’ (including, for example, the Single Market and the free movement of people/labour), making it very difficult to elaborate and implement a new pact; and **(v)** a new bargain cannot be dictated/prescribed from above but must be the result of a bottom-up process.
- With respect to the three pillars, some participants argued that the **NPE report should have (i) explained more thoroughly** why there is a **need to address and implement all three of them**, **(ii) elaborated more clearly the connections between the three pillars**; and **(iii) linked the pillars to the idea of a grand project** (see below).
- With regard to the need to strengthen the EU’s international role and the growing links between internal and external challenges, participants in a number of Member States (especially in Central and Eastern Europe, and France) argued that **the NPE report should have included a specific pillar dealing with issues related to EU external relations** (EU foreign and defence policy, development cooperation, trade etc.).

### ***Reactions to the proposed ‘Enabling Union’***

- The **Enabling Union**, designed to foster sustainable growth and job creation by stimulating investment and enhancing Europe’s overall competitiveness by supporting structural reform processes, **attracted most interest and support in the national debates**.
- With respect to stimulating investments, participants noted that **ideas presented in the report** (including the proposal to set up a *European Investment Guarantee Scheme*) have been **taken up in the context of the Juncker Investment Plan**. A majority of participants in most EU countries – especially in those which who have suffered most from the economic crisis – agreed on the need to

promote investment, but were **sceptical about whether the Juncker plan will fulfil the high expectations** raised in recent months.

- With respect to the proposal to **promote and support national structural reforms, there were doubts as to whether the EU can do this**. It was argued that experience has shown that the country-specific recommendations elaborated in the context of the European Semester are, to a large extent, not implemented at national level and the **Member States' readiness to create new (financial) incentives/carrots to promote their implementation** – as proposed in the NPE report – **appears rather limited**.
- Regarding further reform of economic governance, there was **widespread scepticism about whether some of the more ambitious proposals** outlined in the NPE report, including for example the idea of creating a new EU fiscal capacity or a complementary European unemployment scheme, **could be introduced in the years to come**. Some participants argued that it would require a re-escalation of the crisis or another crisis to trigger significant further deepening of EMU.

### ***Reactions to the proposed 'Supportive Union'***

- The **Supportive Union**, designed to enhance the EU's 'caring dimension' by boosting its social dimension and by enhancing the Union's capacity to act as a 'democratic watchdog' in safeguarding civil rights and fundamental values, **prompted mixed reactions**.
- Many participants, especially in the older Member States and in countries hit hardest by the crisis, argued that **there is a need to strengthen the Union's social dimension, as this is an immediate concern for many EU citizens**. Some went further, insisting on the need to support social coherence by increasing transnational solidarity towards those people, countries and regions which have been marginalised and/or hit particularly hard by the economic crisis.
- There was, however, **some criticism of proposals to enhance 'social Europe'** – especially in the countries of Central and Eastern Europe – for a number of different reasons: **(i)** the EU has limited competences and Member States are not likely to surrender national sovereignty in such core areas; **(ii)** the Union does not have the financial means required to strengthen its social dimension and it would be unwise to raise expectations which it cannot fulfil; **(iii)** the lack of real income convergence between Member States reduces the potential for setting common social standards; and **(iv)** enhancing 'social Europe' could be counter-productive, undermining efforts to strengthen the economic competitiveness of national economies. There is thus a need to strike the right balance between social rights, the freedom of markets and individual responsibility.
- Although there was **less emphasis** on this second aspect of a Supportive Union, a majority of participants agreed strongly on the **need to strengthen the EU's capacity to act as a 'democratic watchdog'** when basic values and rights enshrined in the EU Treaties are encroached upon at national level. They saw this as is all the more important as **Europe should not only be about economic cooperation**, but also about shared values and the preservation and promotion of fundamental freedoms.
- Some argued that the **proposals included in the second NPE report are not ambitious enough to enhance the Union's credibility when it comes to protecting basic rights**. However, even those who supported the idea of further strengthening the EU's watchdog role were cautious about how much it could really do: at the end of the day, they argued, it would always be **up to citizens in the country concerned to stand up for their rights and defend democratic principles**, as the ability of those outside a country to exert influence will always be limited – and could even, in certain cases, be counter-productive.

### ***Reactions to the proposed Participatory Union***

- The **Participatory Union**, designed to strengthen the ties between the EU and its citizens by increasing its democratic legitimacy and accountability, was highlighted in particular by civil society

organisations and a number of EU experts. However, this pillar **received less attention** than the other two, **although many participants underlined the need to strengthen links between the Union and its citizens**, especially in times of increased Euroscepticism.

- A number of potential efforts to foster legitimacy and accountability were considered particularly significant: **(i)** increasing knowledge about the EU and its policies among citizens (“need to reach out beyond the usual suspects”); **(ii)** continuing and further improving the *Spitzenkandidaten* procedure and fostering a higher level of politicisation and transparency in EU policy-making (“today’s EU is too bureaucratic and technocratic”; “no room for politics at EU level”); **(iii)** introducing transnational lists for European Parliament elections; **(iv)** broadening national and transnational public debates about EU affairs beyond narrow political elites and national boundaries to understand what kind of EU citizens want; **(v)** providing more clarity regarding the Union’s *raison d’être* (new narrative/vision), going beyond the economic dimension (values, cultural dimension, the EU’s international role) without raising false expectations (“explain how Europe makes a difference”; “why do we need Europe?”); **(vi)** making more extensive use of, and simplifying, existing direct democracy instruments (for example, the European Citizens Initiative) and introducing more innovative democracy tools (such as e-government, e-elections); **(vii)** involving national parliaments more closely in European policy-making at EU and national level, and introducing a right of initiative by a qualified majority of parliaments (“green card”); **(viii)** showing that the EU is relevant to people’s lives by increasing its ability to deliver (output legitimacy); and, last but not least, **(ix)** resisting the temptation in the national political debate to blame the EU for shortcomings for which it is not responsible (scapegoating).
- Some participants argued that traditional approaches will not increase public support for the EU and there is a need to **explore more innovative and radical ideas for re-connecting people with the EU and with politics in general**, although it was acknowledged that this is a particularly difficult endeavour given the overall ‘crisis of politics’ affecting not only the EU but all levels of governance in Europe and beyond.
- One particular idea mentioned was for the EU to **promote and support new participatory models and methods of collaborative, self-organized citizen-driven initiatives on local and micro-level** dedicated to managing common public and private spaces (social centres; urban gardens etc.) and involving different actors (social innovators, public authorities, business, civil society organisations and knowledge institutions). Although these grass-root initiatives cannot be applied at EU level, the Union could support them financially and help to create networks to exchange best practices.

### ***Need for a grand project***

- A vast majority of participants agreed with the NPE report’s recommendation that the **EU should heed the lessons of history and seek to identify and implement a new ‘grand project’** with potential knock-on effects in numerous policy areas and clear benefits for all EU countries – just as it did with the Europe ’92 Single Market initiative – in order to break the current impasse and provide new momentum for European integration.
- There was **agreement in many Member States that an Energy Union could be a unifying factor and help to demonstrate the EU’s added value and deliver genuine benefits** for many different groups of EU countries and stakeholders. Given the geopolitical tensions in the region, support for an Energy Union was particularly high in the countries of Central and Eastern Europe, with a particular emphasis on energy security (“energy is a strategic issue”), while participants in other EU countries tended to highlight the potential economic effects (“cheap and affordable energy”) or the ecological dimension.
- While the idea of establishing an Energy Union was well received, **participants in national events questioned just how much could be achieved because of a number of limiting factors related to the project’s implementation**: **(i)** divergent understandings of the nature and key objectives of an Energy Union; **(ii)** the defence of national political and economic interests and prerogatives; **(iii)** the complexity of the energy portfolio; **(iv)** the lack of a suitable energy infrastructure; and **(v)** insufficient

trust between Member States. However, there was broad agreement that **political pressure on EU institutions and national governments to progress towards an Energy Union will remain high**, as there is unlikely to be a de-escalation of the standoff between the EU and Russia in the immediate future.

- Some participants voiced **doubts about whether an Energy Union would generate broad support** among EU citizens, as it would neither have the same symbolic value (“does not warm the hearts”) nor the same substantial impact as previous grand projects like the Single Market.
- A number of participants argued that the EU should not pursue one grand project but rather a **number of different major initiatives**, including **not only the Energy Union but also** the completion of the Single Market, with a special emphasis on the establishment of a **Digital Single Market** (“big potential economic benefits”; “very appealing to the younger generation”); the creation of a **Capital Markets Union**; projects aiming to deepen foreign and security policy cooperation, including the highly ambitious suggestion to create a ‘**European army**’; or **major infrastructure projects** in areas such as transport or communication.
- Others argued that the **EU should be more innovative and ambitious** when it comes to identifying and implementing a new grand project. One idea was to develop an **intergenerational pact** addressing demographic challenges with a huge economic and societal impact and the need to increase solidarity between generations in times of very high youth unemployment.