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**Europe's Role in an
Ambiguous Future**

Pioneer, In-Between or Laggard?
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Background Paper

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Overview

The articles included in this background paper, **Europe's Role in an Ambiguous Future – Pioneer, In-Between or Laggard?**, have been written in preparation for the Trilogue Salzburg 2024, which will address the issue of how Europe and the European states can find a common understanding of what role is possible and desirable for Europe in the future.

For centuries, Europe has been a pioneer in the fields of economics, science, politics and culture. The Europeans were the first to drive industrialization, develop democracy and enhance the modern arts and sciences. Yet this pioneering role came with some downsides: Europe was also the battleground for numerous wars and the originator of modern imperialism and colonialism. For decades, European states oppressed and exploited other peoples. Nevertheless, Europe has often been a role model for other countries. Today, its cohesion, its ability to overcome crises, its economic strength and prosperity, but also its shared culture and innovative and technological development are an inspiration for others.

The world is undergoing a fundamental change: Today, several economically and politically influential powers such as the US, China and India, as well as Europe, are establishing a new geopolitical equilibrium. In this time of transition, the question needs to be addressed of what global role Europe will and wants to play in the future. Several key factors will be crucial to determining its future influence and impact: innovativeness, research capacity, education, competitiveness and defense capability, as well as its ability to take effective action, exert soft power and preserve the "human factor."

Ultimately, the future of Europe will depend on decisions made by the European states and their citizens. A first step in this direction was taken in 2022 with the Conference on the Future of Europe and the subsequent summit of EU heads of state and government. Still, there are several current and future challenges and questions that need to be addressed. Another important opportunity to tackle them will present itself in September of this year at the UN Summit of the Future, where the member states will agree on an action-oriented Pact for the Future.

This year's Trilogue Salzburg will take place shortly after the European elections and at a time when candidates will already have been nominated for key positions. At the Trilogue, we will therefore deal with the issue of how Europe and the European states might find a common understanding of what role Europe can and should adopt in the future. The following questions are up for debate:

- What role does Europe want to play in an ambiguous future and within the new geopolitical equilibrium?
- Which challenges does Europe have to overcome and which strengths can it make use of?
- What must Europe do to tackle challenges like sustainable development, economic and technological competitiveness, or regimes and actors that do not play by the rules?
- How can Europe strengthen its leadership role in the fields of democracy and rule of law, along with its ability to take action?

The essays in this volume provide suggestions from different perspectives in order to stimulate a discussion of Europe's future role.

The first article, **Europe's Role in an Ambiguous Future – Pioneer, In-Between or Laggard?**, examines Europe's options in the three core areas of security and defense, economy and trade, and governance. The authors compare existing strengths and weaknesses, but also opportunities and threats, and provide recommendations for how Europe can position itself for the future.

The second article, **European Security – Towards a European Way of Conflict**, focuses on the consequences for Europe in the area of security in a period between two world orders. After describing the challenges, the author highlights the impacts and dynamics expected in the coming months. The article concludes with recommendations for Europe's security and defense policy.

The essay **Competitiveness Is the Keyword on the EU's Agenda** explores the challenges confronting Europe's economy. The authors first describe the economic pressure Europe is currently facing. They then briefly explain Europe's industrial policy and objectives before going on to discuss the challenges for the European single market and European trade policy. This article likewise concludes with recommendations for Europe's trade and industrial policy. The fourth article also sets out the challenges Europe is currently facing – this time from the perspective of governance.

The author of **Navigating Complexity: Pathways for EU Governance amid Internal and External Challenges** demonstrates the role of governance as a key element in strengthening the EU's capacity to act, i.e. the ability of EU member states and institutions to effectively tackle existing challenges. To this end, she presents the various drivers of change, develops three different scenarios for EU governance and discusses the resulting implications.

The European Union's Role in an Ambiguous Future provides an overview of the European Union's achievements, but also of the way forward by taking a closer look at the consequences of the EP elections, the European security architecture, the EU's neighborhood policy and European values, among other things. The author concludes his contribution with recommendations for Europe's further development. The next article, **The European Way of Life – A Future and Not Just a Past**, focuses on a new philosophy. In addition to a reimagining of geopolitical competition and living and working, the author also proposes a reimagining of politics.

Alluding to Erich Maria Remarque's *All Quiet on the Western Front*, the next author explores why there is **Nothing Quiet in the East**. His article illustrates the importance of literature when evaluating Eastern Europe, points out missed opportunities and recipes for the future, and concludes with recommendations for how to approach this in-between space in coming years.

Europe's Role in an Ambiguous Global Future: Becoming a Major Power with Growing Influence again illustrates Europe's importance in political, economic and cultural terms. The author highlights the attendant challenges, sheds light on the Europe-China relationship and addresses possibilities for future cooperation. In addition, he examines security and trade concerns, but also green issues, data collaboration and the Global South in a transnational world order.

A Global European Union and the Challenge of Power focuses once again on globalization and the new capabilities of Europe and the European Union. The last article, **Astropolitics – Great Powers and the New Space Race**, emphasizes the commonalities shared by the world and its inhabitants in the context of the dream of space. It examines the allure of the "ethereal domain" and how the race to occupy it is currently playing out in Brussels, Washington, Beijing and Moscow.

Europe's Role in an Ambiguous Future – Pioneer, In-Between or Laggard?

Jörg Habich | Verena Nowotny¹

I Introduction

Previous Salzburg Trilogues have dealt with the world's fragmentation and the corresponding implications in detail under the headings "International Cooperation in a Polarized World – In Search for a Contemporary Structure," "How to Heal a Torn World? Respect, Trust, Reliability and Mutual Understanding" and "Rethinking Relations – Innovative Diplomacy in an Uncertain World." Acting under unpredictable conditions is also not a completely new phenomenon for leaders in politics, business and culture, who must constantly deal with changing challenges.

The ambiguity of the future is beyond any doubt. Niels Bohr, the Nobel laureate in Physics and father of the atomic model, is quoted as saying, "Prediction is very difficult, especially if it's about the future!"² However, this well-known quote seems to have gained some new momentum. Even though it has always been valid, the future now seems even less tangible than ever before. The world has changed: Awareness of the globally interconnected world, its growing challenges, complexity and sustainability has increased, and not just since the financial crisis. Some believe that such a future is more unpredictable and that situations change more quickly than in former days, which means that existing models for managing complexity and uncertainty are outdated. This implies – if only a kind of feeling – that Europe's future seems more unpredictable than ever, marked by international dependencies and pressure from the inside and the outside. Demographic shifts, the already tangible consequences of climate change and the risks stemming from international conflicts characterize the current situation.

At the same time, uncertainty about Europe's own role and expectations from outside determine the status quo. Technologic progress, such as AI, quantum computing, neuro-, bio- and climate technology, offers the possibility to pioneer innovations that have not been used yet. One of Europe's most important assets is its credibility, which should be a key issue for all political decisions and the continent's development. The future developments and changes are shaping a new world order and will redefine the role of all international players. This may also be accompanied by a loss of relevance of existing roles, which will affect the world's continents and international players differently. The associated question is not only about Europe's own role between the US and China, but also whether it will have to get used to losing its place to other rising regions in the 21st century. The entire continent and the EU are facing major transformations.

II A Common Understanding of the Basics

1. Defining a "Role"

The term "role" was originally introduced in sociology and describes all expectations that other people have of the role holder(s). Roles can be defined broadly as a set of behavioral expectations

¹ We would particularly like to thank our team for their many suggestions, support and advice, as well as their help with the research: Sanny A. Pulka, Gerrit Issinger and Paulina Baumewerd.

² This famous quote is attributed to several important men, including the poet George Bernard Shaw, the statesman Winston Churchill and the physicist Niels Bohr.

placed on individuals based on their position in a social structure. Roles can also influence a person's self-concept and help shape identity. The importance of roles can be strengthened or weakened by contextual factors.³ Applied to an international context, this means that roles are determined by the expectations of others, but also by the position or positioning of the state, country or – in our case – Europe.

However, since roles are not only shaped by one's own considerations of place, position and appropriate behavior towards others in a particular social environment, it can also be influenced by the expectations of others, which can either be achieved, ascribed or shaped in the broader process of international socialization.⁴ These exceptions can be implicit or explicit.⁵ In this context, de Perini refers to the ego and alter parts of a role.⁶ The identification of a role also shows particularities that result from the respective cultural repertoire of attitudes and actions that are necessary both to appeal to the domestic audience and to be accepted by international peers.⁷

Roles in International Relations

Role Type	Major Functions	Primary Role Sources
Revolutionary leader/imperialist	system transformation; change of power distribution	ideologies; rising capabilities
Bloc leader	bloc cohesion; protection of bloc members; opposition to other bloc(s)	external threats; ideology; structure of system
Balancer	balance unequal blocs; international integration	power distribution in system; location
Bloc member; ally	increase capabilities of bloc; support bloc leader	threat perception; location; ideological affinity; structure of system; insufficient capabilities
Mediator	interposition into bloc conflicts; integration	location; traditional policies
Non-aligned	possible mediation of bloc conflicts	location; threat perception; socio-economic needs; nationalism; insufficient capabilities
Buffer	separate bloc leaders or major powers	location; insufficient capabilities
Isolate	latent function of neutralizing potential conflict areas	location; threat perception; insufficient capabilities
Protectee	serve economic and/or security interests of major power	insufficient capabilities

Source: Holsti, Kalevi J. National Role Conceptions in the Study of Foreign Policy. in: *International Studies Quarterly*, Vol. 14, No. 3, 1970, pp. 255.



³ See e.g. Anglin, Aaron, Paula Kincaid, Jeremy Short and David Allen. Role Theory Perspectives: Past, Present, and Future Applications of Role Theories. In: *Management Research. Journal of Management*, Vol. 48, No. 10, pp. 1-34.

⁴ Isernia, Pierangelo and Francesca Longo. The Italian Foreign Policy: Challenges and Continuities. *Italian Political Science Review/Rivista Italiana di Scienza Politica*. Vol. 4, No. 10 (2017), p. 112.

⁵ Hamisch, Sebastian. Conceptualizing in the Minefield: Role Theory and Foreign Policy Learning. In: *Foreign Policy Analysis*, Vol. 8, No. 1 (2012), pp. 47–69.

⁶ De Perini, Pietro. National Role Conceptions and Populist Parties in Europe Between Heterogeneity and Convergence. In: *Comparative European Politics*, Vol. 21, No. 2 (2023), pp. 239-240.

⁷ Wehner, Leslie E. The Narration of Roles in Foreign Policy Analysis. In: *Journal of International Relations and Development*, Vol. 23, No. 2 (2020), pp. 359-384.

In the field of international relations, the roles shown in the chart “Roles in International Relations” can be distinguished with their major functions and primary role sources, which Holsti divides into 17 different types in more detail.⁸

Since roles are generally viewed as “a set of expectations about the proper behavior of an actor in a particular social position,”⁹ when applied to the analysis of foreign policy, major decisions and actions are traditionally understood as resulting from or consistent with policymakers’ perceptions of their nation’s orientations and tasks in the international system or subordinate regional systems.¹⁰

2. Europe as a Concept

The term “Europe” is used in very different contexts and accordingly there are various concepts associated with this word:

Europe as a geographical region: Europe is one of the seven continents of the world, located in the Northern Hemisphere. Geographically speaking, Europe forms the continent of Eurasia together with Asia, but is usually regarded as a continent in its own right. It is bordered by the Arctic Ocean to the North, the Atlantic Ocean to the West, the Mediterranean Sea to the South, and Asia to the east. The Ural Mountains and the Ural River in Russia, along with the Caspian Sea and the Caucasus Mountains, are generally considered the eastern boundary of Europe. There are 50 internationally recognized countries that are wholly or partly located in Europe. Geographical location is usually the decisive factor here, although Europe’s borders are not always clearly recognizable. In total, Europe has over 740 million inhabitants. This makes Europe one of the most densely populated parts of the world.¹¹

Europe as a political entity: In a political sense, Europe often refers to the group of countries that are members of the European Union (EU). The EU is a supranational political and economic union of 27 member states that are located primarily in Europe. This union is a result of a process of voluntary economic and political integration between nation-states in Europe. The Union has a total area of 4,233,255 square kilometers (1,634,469 square miles) and an estimated total population of over 448 million. The EU has its own institutions and governance structures, which play a significant role in European affairs.¹²

Europe as an economic region: From an economic perspective, Europe is formed essentially by many agreements and treaties that create a homogeneous economic area. The European Economic Area (EEA) links the EU member states and three of the four states in the European Free Trade Area (EFTA) (Iceland, Liechtenstein, and Norway) into an internal market governed by the

⁸ 1) Bastion of revolution-liberator, 2) Regional leader, 3) Regional protector, 4) Active independent, 5) Liberator support, 6) Anti-imperialist agent, 7) Defender of faith, 8) Mediator/integrator, 9) Regional-subsystem collaborator, 10) Developer, 11) Bridge, 12) Faithful ally, 13) Independent, 14) Example, 15) International development, 16) Isolate, 17) Protectee. See Holsti, Kalevi J. National Role Conceptions in the Study of Foreign Policy. In: *International Studies Quarterly*, Vol. 14, No. 3 (1970), p. 274.

⁹ McCourt, David M. Role-playing and Identity Affirmation in International Politicism: Britain’s Reinvasion of the Falklands, 1982. In: *Review of International Studies*, Vol. 37, No. 4 (2011), p. 1607.

¹⁰ Holsti, Kalevi J. National Role Conceptions in the Study of Foreign Policy. In: *International Studies Quarterly*, Vol. 14, No. 3 (1970), pp. 233–309.

¹¹ <https://education.nationalgeographic.org/resource/europe-physical-geography/>, [retrieved, July 31, 2024].

¹² <https://www.statista.com/statistics/1106711/population-of-europe/#:~:text=The%20population%20of%20Europe%20was,grew%20by%20approximately%20157.8%20million,> [retrieved July 31, 2024].

same basic rules. One EFTA member, Switzerland, has not joined the EEA, but has concluded several bilateral sectoral agreements with the EU that enable participation in the single market.¹³

Europe as a structural level or a level of organizations: Europe is divided into various subregions such as Western Europe, Eastern Europe, Northern Europe, and Southern Europe. There are also organizations that include European countries, such as the Council of Europe and the Organization for Security and Co-operation in Europe (OSCE).

Europe as a cultural and historical area: Europe as a cultural concept is defined by its shared cultural heritage, which includes a rich history of art, philosophy and science. This includes the legacy of ancient Greece and Rome, the Renaissance, the Reformation and the Enlightenment. Europe as a cultural reference point has been highly flexible. Social groups with a transnational agenda, such as the bourgeoisie, the aristocracy, etc., continued to refer to Europe from around 1900 by using allegorical representations of the European myth. Today, the European flag functions as a clearly recognizable emblem for the cultural reference.¹⁴

In addition, there are certainly other possible distinguishing features regarding Europe, although it is not necessary to describe them here. When assessing the future role of Europe, it is therefore important that the first step is always to clarify the type of “Europe” for which the corresponding role is to be defined.

3. An Ambiguous Future

At first glance, ambiguity of the future results from the fact that it is difficult to predict future challenges or circumstances based on the status quo, or it is not known exactly what will happen in the future. Not only Donald Rumsfeld knew this:

Reports that say that something hasn't happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns—the ones we don't know we don't know. And if one looks throughout the history of our country and other free countries, it is the latter category that tends to be the difficult ones.¹⁵

Formulated more concretely, ambiguity is a lack of knowledge as to “the basic rules of the game”; that means that cause and effect are not understood and there is no precedent for making predictions as to what to expect.¹⁶ Because preferences are endogenous and inconsistent over time, and information is often separated from the context in which it is engineered, ambiguity can never be

¹³ https://european-union.europa.eu/principles-countries-history/key-facts-and-figures/life-eu_en#:~:text=Size%20and%20population,country%20and%20Malta%20the%20smallest, [retrieved July 31, 2024].

¹⁴ Schmale, Wolfgang. Europe as a Cultural Reference and Value System. [https://ego-ploneui.uni-trier.de/en/threads/theories-and-methods/europe,](https://ego-ploneui.uni-trier.de/en/threads/theories-and-methods/europe) [retrieved July 15, 2024].

¹⁵ Transcript of DoD News Briefing – Secretary Rumsfeld and Gen. Myers, February 12, 2002 [https://web.archive.org/web/20160406235718/http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636,](https://web.archive.org/web/20160406235718/http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636) [retrieved July 15, 2024].

¹⁶ Bennett, Nathan and James G. Lemoine. What VUCA Really Means for You. Harvard Business Review, January–February, Vol. 92, pp. 1-7.

eliminated.¹⁷ Embracing ambiguity is a relatively rare capability. In terms of brain function, people tend to avoid uncertainty and interpret danger or fear when there is a lack of clarity about the future.

Even if the focus is on the ambiguity of the future, given that ambiguity often occurs together with complexity, volatility and uncertainty, the future can certainly also be described as VUCA. This acronym stands for a world marked by **v**olatility, **u**ncertainty, **c**omplexity and **a**mbiguity, one in which not only knowledge but also communication is essential due to more and more networks and interest groups.¹⁸

- A volatile situation can be defined as one that is unstable or unpredictable; information is available, and the situation is understandable, but change is frequent and sometimes unpredictable.
- Uncertainty is a term used to describe a situation characterized by a lack of knowledge, not as to cause and effect, but rather pertaining to whether a certain event is significant enough to constitute a meaningful cause.
- A complex situation is characterized by many interconnected parts, which form an elaborate network of information and procedures; often multiform and convoluted, but not necessarily involving change.
- Ambiguity characterizes situations where there is doubt about the nature of cause-and-effect relationships.

Proactive management is required to make decisions in a future characterized by volatility, uncertainty, complexity and ambiguity. This involves the creation of a new system of identifying opportunities and threats early on in order to prevent and efficiently handle internal and external factors.¹⁹ Consequently, the question of the positioning of states in VUCA times comes up again and again – also in an international context.²⁰

If artificial intelligence such as ChatGPT is asked what currently constitutes ambiguity in the world and what will do so in the future, it provides the following answer:²¹

Ambiguity arises from various sources and can be influenced by multiple factors both now and in the future. Here are some of the key causes, determinants, and influences of ambiguity:

¹⁷ March, James G. and Herbert A. Simon. *Organizations*. New York: Wiley, 2nd ed., Oxford: Blackwell Publishers, 1993; and March, James G. *Ambiguity and Accounting: The Elusive Link Between Information and Decision-Making*. In: *Accounting, Organizations and Society*, Vol. 12, pp. 153-168.

¹⁸ Magee II, Roderick R. (ed.). *Strategic Leadership Primer*, Carlisle Barracks, PA: US Army War College, 1998, p. 1; The term “VUCA” was already central to the Trilogue Salzburg 2021. See Habich, Jörg, Verena Nowotny and Philip Remete. *United in a Fragile World*. Gütersloh, 2021.

¹⁹ Minciu, Mihaela, Florin-Aurel Berar and Razvan Catalin Dobrea. *New Decision Systems in the VUCA World*. In: *Management & Marketing. Challenges for the Knowledge Society*, Vol. 15, No. 2, pp. 242-243.

²⁰ For example, in 2005 Carnegie hosted an event and panel discussion on the lessons offered by past experiences in the management of America’s global interests, see: <https://carnegieendowment.org/events/2005/05/foreign-policy-in-the-age-of-ambiguity-how-the-future-will-differ-from-the-past?lang=en>, [retrieved July 14, 2024]; similar discussions are held in Asia and elsewhere, see <https://www.nbr.org/publication/diplomacy-and-ambiguity-constructing-interests-in-cooperation/>, [retrieved July 14, 2024].

²¹ Results of asking ChatGPT 4.0 (source: <https://openai.com/>): “What causes, determines or influences ambiguity in the world now and in the future?”, [asked July 14, 2024].

1. Causes of Ambiguity

Complexity of Systems: 1) **Technological Complexity:** Advanced technologies like AI and blockchain can be difficult to understand and predict, leading to ambiguity. 2) **Global Interconnectedness:** The interdependence of global systems (e.g., economy, environment) makes it hard to foresee outcomes.

Information Overload: 1) **Data Proliferation:** The massive amount of data available can be overwhelming, making it difficult to discern relevant information. 2) **Misinformation and Disinformation:** The spread of false or misleading information adds to the confusion.

Rapid Change: 1) **Technological Advancements:** Fast-paced technological changes can outstrip our ability to adapt and comprehend. 2) **Social and Cultural Shifts:** Changing social norms and cultural values can lead to uncertainties.

Language and Communication: 1) **Vagueness and Ambiguity in Language:** Words and phrases can have multiple interpretations. 2) **Cross-Cultural Communication:** Differences in languages and cultural contexts can lead to misunderstandings.

2. Determinants of Ambiguity

Context: 1) **Environmental Factors:** Physical, social, and political environments influence how information is perceived and understood. 2) **Situational Factors:** Specific circumstances and settings determine the clarity of information.

Perceptual and Cognitive Factors: 1) **Individual Differences:** Personal experiences, education, and cognitive styles affect how ambiguity is perceived and dealt with. 2) **Cognitive Biases:** Biases like confirmation bias can skew interpretation and increase ambiguity.

Communication Channels: 1) **Medium of Communication:** Different mediums (e.g., text, video, face-to-face) have varying degrees of effectiveness in conveying clear messages. 2) **Information Quality:** The reliability and clarity of the information source affect ambiguity levels.

3. Influences on Future Ambiguity

Technological Evolution: 1) **Artificial Intelligence:** AI's increasing role in decision-making can both clarify and complicate understanding due to its complexity. 2) **Virtual and Augmented Reality:** These technologies can blur the lines between reality and fiction.

Global Trends: 1) **Climate Change:** Environmental changes can create uncertain futures. 2) **Geopolitical Shifts:** Political instability and power shifts can lead to ambiguous international relations.

Societal Changes: 1) **Diversity and Inclusion:** Greater diversity can lead to richer perspectives but also to potential misinterpretations. 2) **Ethical and Moral Dilemmas:** As societies evolve, ethical standards may change, creating ambiguity in moral judgments.

Economic Factors: 1) **Market Volatility:** Economic fluctuations can create uncertainty for businesses and individuals. 2) **Disruptive Innovations:** New business models and innovations can upend traditional industries, leading to ambiguity about the future.

4. Managing Ambiguity

Improving Education and Literacy: 1) **Critical Thinking Skills:** Teaching critical thinking can help individuals better navigate ambiguous situations. 2) **Media Literacy:** Educating people on how to discern credible information sources can reduce ambiguity.

Enhancing Communication: 1) **Clear and Transparent Communication:** Encouraging clear and honest communication can reduce misunderstandings. 2) **Cross-Cultural Competence:** Promoting understanding across cultures can mitigate communication-related ambiguity.

Leveraging Technology: 1) **Data Analytics:** Using advanced analytics can help make sense of large data sets. 2) **AI and Machine Learning:** These can assist in predicting outcomes and providing clearer insights.

Adapting Policies and Regulations: 1) **Dynamic Policies:** Creating adaptable policies that can respond to changes can help manage ambiguity. 2) **Global Cooperation:** International cooperation on issues like climate change and cybersecurity can reduce global ambiguity.

Understanding and managing ambiguity requires a multifaceted approach, considering both current influences and future trends. It involves continuous learning, effective communication, and adaptive strategies to navigate the complexities of an ever-changing world.

This brief overview can certainly provide a starting point for further considerations. Besides climate change, the health of the world's population and technological development, the greatest global challenges at present are likely to be global cooperation and global security, political stability and governance, and economic development.

4. Areas of Activity in an Ambiguous Future

Based on this, a reflection on possible fields of action is necessary to make accurate or at least realistic predictions about the future role of Europe. The various fields of action for Europe are numerous and diverse, and Europe has multiple ways to assert its role as a key player in the world.

The focus should not be on necessary reforms or the question of Europe's future structure, internal market or internal relations. It seems much more important to clarify the basis on which Europe can position itself in the global game of power. The most important political fields of action are probably the following:

The first field of action is **security and defense**. Faced with the growing threat of terrorism and cyberattacks, but especially armed conflicts and wars such as the Russian war of aggression against Ukraine, the Gaza-Israel conflict and the increasing number and importance of non-state armed groups, Europe must work closely with its allies and invest in its own security. This refers to the question of European security and defense mechanisms, both within NATO and through its own defense initiatives which might include a common Security and Defense Policy. Cooperation among the European member states in this field is more important than ever. The upcoming elections in the US create significant political uncertainty. To prepare for this situation, there are several approaches for action within security and defense policy in the EU. This includes expanding military capabilities, improving coordination and investing in advanced technologies, but also the development of joint military capabilities and operations.²² The importance of this field of action is also illustrated by the Global Strategy for the European Union's Foreign and Security Policy (EUGS) and its predecessor, the European Security Strategy.²³ However, security and defense also increasingly include the stability and workability of European infrastructure. Therefore, cyber security, information security and counter-terrorism are essential in order to protect interests and maintain stability. Dealing with neighboring regions, i.e. engagement with Eastern Europe, the Middle East

²² Alvarez-Couceiro, Paula. Eine fragmentierte Rüstungsindustrie – Europas strategischer Nachteil. In: SIRIUS – Zeitschrift für Strategische Analysen, Vol. 8, No. 1 (2024), pp. 39-49.

²³ https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en, [retrieved July 9, 2024].

and North Africa, is also crucial to manage migration, prevent conflicts and support stability in neighboring regions.

Furthermore, Europe's **trade and economic policy** is a crucial factor. Until the middle of the 20th century, Europe played a leading role in the global trade of goods and services, and the development of technologies and innovations. The market that exists on the European continent and the creation of a common currency represent a strong economic bloc with global influence. This includes the negotiation of trade agreements as well as agreements and treaties on international trade. Europe also has an influence beyond its own continent through investment and aid to developing countries.²⁴ However, the implementation of sanctions as an instrument of foreign policy to tackle international problems, such as human rights violations and aggression, is a key area of action, as is the promotion of the global sustainable development goals and the fight against climate change through international agreements such as the Paris Agreement. In the view of the issues mentioned, climate change and the war in Ukraine, the aspect of trade in energy sources is becoming increasingly important. Trade relations between Europe and China have become more difficult in recent years, as the imposition of tariffs on imports of electric vehicles from China shows.²⁵

Finally, Europe's strategic positioning in an ambiguous future is also influenced by its views on the rule of law, predictability and democracy, which form the **governance** field of action. With its strong emphasis on individual freedoms and democratic values, Europe has positioned itself as a champion of human rights.²⁶ This has also enabled it to forge strong alliances with other democracies and promote democratic ideals in various countries. Europe's power to cooperate with other nations and players within a framework of international agreements and organizations and to assert a position as a key player in global affairs is also demonstrated by this policy. This area certainly includes diplomacy and multilateralism, in which Europe is actively involved in shaping international institutions, such as the United Nations, the World Trade Organization and the World Health Organization, to promote global governance and tackle transnational challenges. Human rights and the rule of law strengthen Europe's values and its own soft power.²⁷ At the same time, a balance between strategic autonomy and alliances, particularly in areas such as technology, energy and security, ensures that Europe can act independently while maintaining strong international partnerships.

III Theoretical Background – SWOT Analysis

As mentioned, Europe's role can be considered, on the one hand, in relation to the major players on the world stage, but also in terms of its own ability to act. A variety of theoretical approaches attempt to explain international relations.²⁸ In an entrepreneurial or business context, questions of

²⁴ <https://op.europa.eu/en/publication-detail/-/publication/9a834811-fba3-11ee-a251-01aa75ed71a1/language-en> [retrieved July 22, 2024].

²⁵ Langhammer, Rolf J. China's Export Success: Due to Unfair Practices or Fair Competition? Norwegian Institute of International Affairs (NUPI), 2019; https://ec.europa.eu/commission/presscorner/detail/en/ip_24_3630, [retrieved July 22, 2024].

²⁶ Gfeller, Aurélie Élisabeth. Champion of Human Rights: The European Parliament and the Helsinki Process. In: *Journal of Contemporary History*, Vol. 49, No. 2 (2014), pp. 390-409.

²⁷ Goldthau, Andreas and Nick Sitter. Soft Power with a Hard Edge: EU Policy Tools and Energy Security. In: *Review of International Political Economy*, Vol. 22, No. 5 (2015), pp. 941-965.

²⁸ Waltz, Kenneth N. *Theory of International Politics*. Long Grove: Waveland Press Inc., 2010.

positioning are answered within the framework of strategic management. Comparative strategic management across nations is still considered to be an under-researched field and is rarely encountered in practice.²⁹

Strategic management assesses the environment in which the actor operates and its competitors, and determines the objectives and strategy needed to meet all existing and potential competitors. It then regularly determines how the strategy has been implemented and whether it has been successful or needs to be replaced by a new strategy to meet changing conditions, new technologies, new competitors, a new economic environment or a new social, financial or political environment.³⁰

It is an ongoing process of formulating, implementing and evaluating cross-functional decisions to specify objectives; developing policies and plans to achieve these objectives; and allocating resources to implement the policies and plans needed to achieve these objectives.³¹ As Michael Porter summarizes: “Every firm competing in an industry has a competitive strategy, whether explicit or implicit.”³² Knowledge of the underlying sources of competitive pressure forms the basis for strategic positioning. It highlights the critical strengths and weaknesses, provides information about the positioning in comparison to others, clarifies the areas in which strategic changes can bring the greatest benefit and shows the areas in which the greatest opportunities or threats exist.³³

If this view is transferred to the relationship between states or nations, then every state has a strategy – whether implicit or explicit – for positioning itself, determined by its own goals, but also by the actions of other players. The purpose of strategic management must be to achieve the best possible fit to the environment based on a suitable strategy or to influence relevant environmental segments in line with the state’s own objectives.³⁴ As a consequence, strategic positioning reflects choices that can be made about the kind of value it will create and how that value will be created differently than by rivals or other states.

A SWOT analysis is an essential planning technique for structured analysis in the context of strategic management. Accordingly, it has also been used to examine intergovernmental relations and strategic positioning.³⁵ SWOT is an acronym for two internal and two external components examined by the technique:³⁶

²⁹ Luo, Yadong, Jinyun Sun and Stephanie Lu Wang. Comparative Strategic Management: An Emergent Field in International Management. In: *Journal of International Management*, Vol., No. 3, 2011, pp. 190-200.

³⁰ Ayitey, Wisdom. *A Simple Approach to Strategic Management*. Methodist Book Depot Ltd., 2010.

³¹ Lamb, Robert B. *Competitive Strategic Management*. Saddle River: Prentice Hall, 1984, p. IX.

³² Porter, Michael E. *Competitive Strategy. Techniques for Analyzing Industry and Competitors*. New York: The Free Press, 1998, p. XXI.

³³ Porter, Michael E. How Competitive Forces Shape Strategy. In: *Harvard Business Review*, Vol. 57, No. 2 (March–April 1979), pp. 137–145.

³⁴ Welge, Martin K. and Andreas Al-Laham. *Strategisches Management*, 5th Ed., Wiesbaden: Gabler-Verlag, 2008, p. 289.

³⁵ Sergunin, Alexander and Valery Konyshev. SWOT Analysis of US-Russian Relations. In: *Russian Analytical Digest*, 2016.

³⁶ See e.g. Kumar, Sharath CR and KB Praveena. Swot Analysis. In: *International Journal of Advanced Research*, Vol. 11, No. 9 (2023), pp. 744-748; Gürel, Emet and Merba Tat. Swot Analysis: A Theoretical Review. In: *The Journal of International Social Research*, Vol. 10, No. 51 (2017).

- **Strengths:** characteristics that give an advantage over others; strengths are the internal positive characteristics that make it possible to achieve goals.
- **Weaknesses:** characteristics that create a disadvantage relative to others; weaknesses are internal deficits or negative traits that hinder reaching the goal.
- **Opportunities:** elements in the environment that could be exploited to advantage; opportunities are external factors that cannot be controlled but represent significant potential for one’s own positioning.
- **Threats:** elements in the environment that could cause disadvantages; threats are external factors that pose a risk for one’s own positioning.

As described above, a SWOT analysis evaluates internal and external factors as well as current and future potential. It is intended to provide a realistic, evidence-based and data-supported overview of the strengths and weaknesses of a state or nation.

The results of a SWOT analysis can be represented simply as a 2 x 2 grid, with one dimension representing the internal and external drivers and the other the positive and negative factors. It is a simple listing and categorization of the internal and external situational factors related to the topic being assessed. The suggested approach for an analysis is to evaluate the external risks and opportunities before analyzing the (matching) internal strengths and weaknesses and generating recommendations using a simple sentence: Given the condition of [external factor], our ability to [internal factor] leads to our recommendation that [actor] [recommendation].³⁷

SWOT Analysis



Source: Own illustration



Based on the SWOT analysis, a TOWS matrix can then be created in which the external risks and opportunities are compared with the corresponding internal strengths and weaknesses, resulting in four alternative strategies: 1) The **WT strategy** aims to minimize both weaknesses and threats and is called a “mini-mini” strategy. 2) The **WO strategy** aims to minimize existing weaknesses and maximize opportunities. This means that weaknesses in some areas can either be eliminated or these areas can be developed to exploit the opportunities in their positioning. 3) The **ST strategy**

³⁷ Minsky, Laurence and David Aron. Are you Doing the SWOT Analysis Backwards? In: Harvard Business Review, Feb. 2021. <https://hbr.org/2021/02/are-you-doing-the-swot-analysis-backwards> [retrieved July 9, 2024].

is based on the strength to handle threats in the environment. The aim is to maximize the strengths and minimize the threats. In this way, existing strengths can be used to deal with the threats posed by the environment. 4) The most desirable situation is one in which the individual's strengths can be used to take advantage of opportunities (**SO strategy**). In fact, the goal should be to move from other positions in the matrix to this one. If the individual has weaknesses, they will strive to overcome them and turn them into strengths. If the individual is faced with threats, they will overcome them in order to focus on the opportunities.

In defining Europe's strategic positioning using the SWOT analysis, it is therefore necessary to gather fact-based findings on Europe's internal and external factors, on the one hand, and to reconcile the existing and anticipated opportunities and threats with the existing and anticipated strengths and weaknesses, on the other.

By applying this analysis, Europe, European governments or European institutions can create a solid and systematic basis for their strategic positioning in the international or global context and thus also regarding Europe's role, particularly between the US and China. This makes it possible to create a proactive and resilient strategy that both maximizes opportunities and minimizes risks.

In pragmatic terms, this means it will be important for Europe to

- use strengths and opportunities where they exist;
- turn weaknesses into strengths in the future (or at least to minimize vulnerabilities);
- face upcoming change based on existing strengths, but also existing weaknesses; and
- avoid a situation where weaknesses and risks intensify and the options for shaping a position no longer exist (sufficiently).

IV Security and Defense, Economy and Trade, Governance – SWOT Analysis of Europe

Europe's international role depends on several interrelated factors arising from a VUCA environment. However, these factors will always remain unknown and unpredictable by definition. This also implies that these factors cannot be actively influenced (or at least only to a certain degree) by actions and cannot be managed as an ego-part by Europe – regardless of the question of who would be such a “manager.” Nevertheless, the apparent manageability may influence other actors' expectations of Europe and thus have an impact on the alter-part of the role.

The range of issues arising from the ambiguity and the multitude of fields of action – only touched on here – makes it necessary to focus on a selection of topics to understand the role of Europe in the future. The mentioned areas of action are closely interlinked and form a basis for defining Europe's role. By improving security, Europe can better protect its population from geopolitical tensions, terrorism and extremism, while at the same time creating a stable environment for economic growth. A strong economy, in turn, strengthens global competitiveness and creates prosperity. Good governance ensures the democratic legitimacy and efficiency of the actors involved, which are crucial for overcoming the challenges of the future. Therefore, it seems appropriate to take a closer look at security, economy and trade as well as governance.

The theoretical discussion has also shown that Europe's role is significantly determined by the underlying concept of Europe, i.e. the question what is meant by Europe. Europe as a political

entity, and therefore the EU-27, is a key player in the areas of action described above. Nevertheless, it would certainly be inappropriate to define the role of Europe only in terms of the EU in the areas mentioned. Trade and the economy are also determined by non-EU states like Norway and Switzerland, which participate in the single market via the EEA or are in bilateral agreements with the EU. A similarly restrictive view of the EU would mean excluding NATO as an important player with regard to Europe's role. In fact, NATO has a decisive influence when it comes to determining Europe's role in security. Against this backdrop, it seems necessary to at least consider the EU as a narrower Europe, an economic Europe and an expanded understanding of Europe.

1. Strengths and Weaknesses of Europe

In light of the above, when analyzing Europe's strengths in the area of security and defense, what stands out is that the continent has been one of the most stable regions in terms of internal peace and security.

Europe benefits in many ways from **alliances**. First, the NATO alliance provides a collective security guarantee and significant military capabilities for its members and conflict areas. This security alliance includes powerful military nations like the US.³⁸ Additionally, the mutual defense clause of Art. 42 VII TEU ensures all-encompassing military support for EU members when one of them is attacked.³⁹

Furthermore, European countries engage in extensive **intelligence sharing**⁴⁰ and counterterrorism cooperation, both within the EU and with external partners (e.g. EU-Japan relations).⁴¹ This circumstance supports effective responses to internal and external security threats to European states and societies.

Additionally, the integration of the continent is a **peace and stability project**. Thus, the European states have always been able to assess and end military conflicts and wars in the various regions (e.g., Yugoslav Wars, Nagorno-Karabakh, Russo-Georgian War). In the last three decades, the Union has promoted peace and transformed the continent despite its long history of wars. Currently, the Union has implemented the European Peace Facility (EPF).⁴² Thus, the EPF facilitates military and non-military peacekeeping agendas. Based on its structure and intended effectiveness, the EPF supports and supported non-member states like Georgia, the Republic of Moldova, Ukraine and the Republic of Mali.⁴³

Nevertheless, Europe is confronted with a large-scale war in the east of the continent and several conflicts in its neighboring regions. This development has highlighted Europe's **insecurity and**

³⁸ Dorn, Florian, Niklas Potrafke and Marcel Schlepper: European Defence Spending in 2024 and Beyond: How to Provide Security in an Economically Challenging Environment. CESifo, 2024, p. 6. https://www.econ-pol.eu/sites/default/files/2024-01/EconPol-PolicyReport_45_0.pdf, [retrieved July 31, 2024].

³⁹ Niedobitek, Matthias. *Europarecht – Politik der Union*. Berlin: de Gruyter, 2014, p. 1339.

⁴⁰ Pronk, Danny and Claire Korteweg. *Sharing the Burden, Sharing the Secrets: The Future of European Intelligence Cooperation*. Clingendael Report, 2021, p. 21.

⁴¹ Danny Pronk and Claire Korteweg. *Sharing the Burden, Sharing the Secrets: The Future of European Intelligence Cooperation*, Clingendael Report, 2021, p. 25

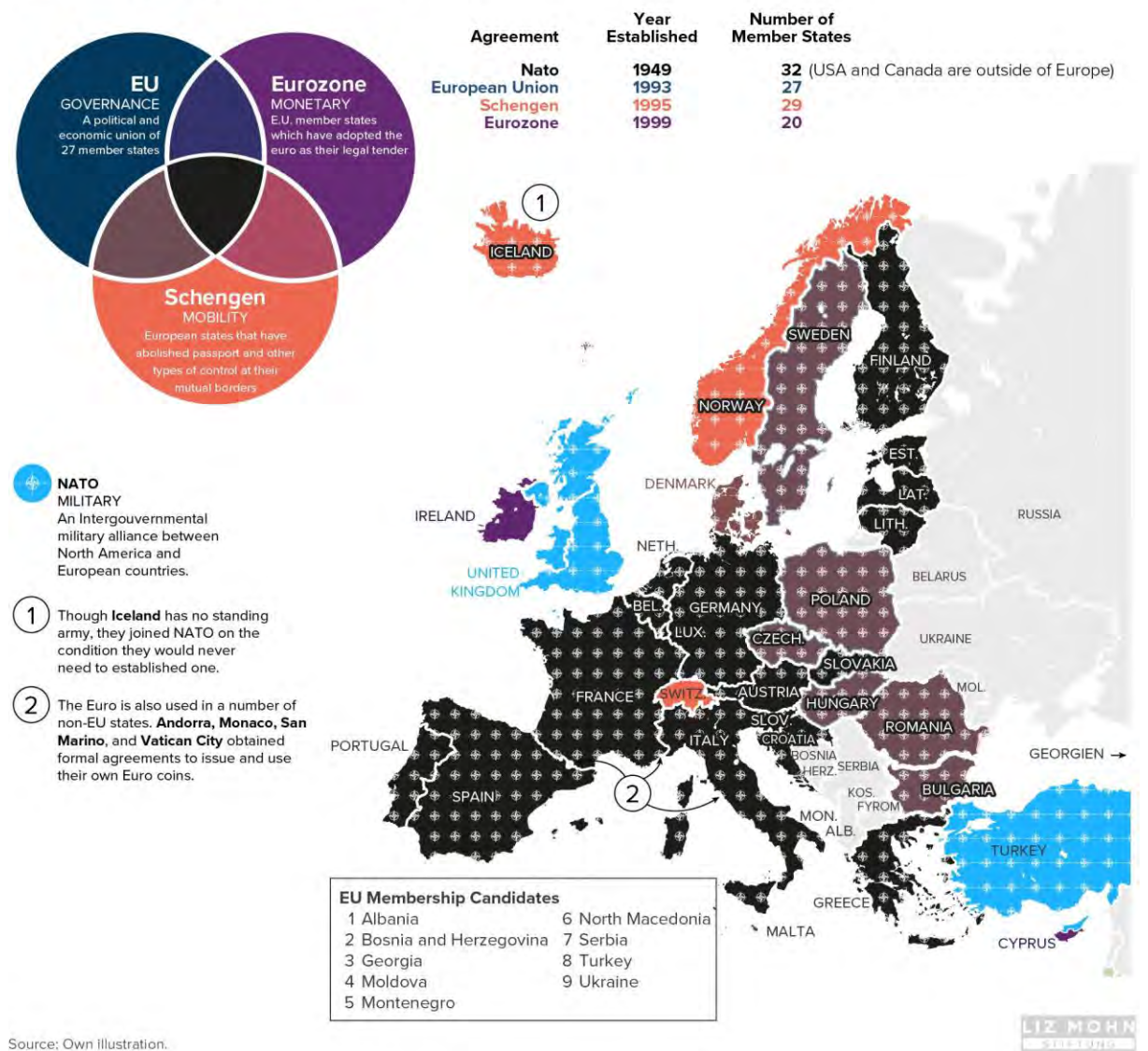
⁴² https://fpf.ec.europa.eu/what-we-do/european-peace-facility_en, [retrieved July 24, 2024].

https://www.eeas.europa.eu/eeas/eu-peace-security-and-defence_en, [retrieved July 24, 2024].

⁴³ <https://www.consilium.europa.eu/de/press/press-releases/2021/12/02/european-peace-facility-council-adopts-assistance-measures-for-georgia-the-republic-of-moldova-ukraine-and-the-republic-of-mali/>, [retrieved July 24, 2024].

vulnerability. Since 2021, the Russo-Ukrainian War and the reactions of European actors have revealed several weaknesses in security policymaking in Europe. Institutions like the Organization for Security and Co-operation in Europe (OSCE) and the EU were not able to negotiate solutions to prevent or deescalate the ongoing war in the east of Europe. Lastly, the ongoing war in the east fragmented Europe and terminated “old” security policies.⁴⁴ This military confrontation and fragmentation led to new political and economic disputes, like the rising mobility of refugees and migrants, militarization of parts of European societies, and an increase in the prices of needed resources and energy.

A Who's Who of European Member States



Europe is also challenged by another security dilemma: high **demand for resources** and energy. Despite efforts to use more renewable energy and nuclear energy sources, Europe’s demand for imported natural resources (e.g. natural gas, coal, petrol) is high. Under the constant influence of

⁴⁴ <https://www.osce.org/files/f/documents/f/4/567367.pdf>, p. 20, [retrieved July 24, 2024].

the Russian invasion of Ukraine, European policy makers are challenged to balance the securitization of energy supply with keeping the cost of energy at a manageable level.⁴⁵ At the same time, the energy supply chain and European economic bloc are experiencing the impact of digitalization and ongoing technological evolution.

Europe's existing infrastructure is another weakness (**infrastructural fragility**). Its digital information infrastructure and data processing in particular are critical. In 2023, 1,998 cyberattacks by 98 actors were observed, who targeted 23 different critical infrastructure sectors, affecting Ukraine, the Russian Federation and 49 other countries.⁴⁶ The resulting financial damage is enormous.⁴⁷

Economy and trade are of particular importance to Europe. An analysis of this field therefore provides numerous telling insights into Europe's present situation and its possible future.

Probably one of Europe's greatest strengths is its **economic power** – whether as a supplier and incubator for new technologies and inventions or as a marketplace for international trade. The EU internal market, including the fundamental freedoms of free movement of goods, services, people and finance, forms an attractive supplier and sales market. Europe therefore represents a substantial power bloc.⁴⁸ The eight largest state-economies in Europe are responsible for 14.29 percent of World GDP based on PPP.⁴⁹ This strength is complemented by further customs unions with other European countries. This high mobility of capital and people (internal migration) attests to Europe's being a significant economic power bloc.⁵⁰ Nowadays, Europe is one of the largest interconnected economic regions in the world, comprising 747 million inhabitants in 48 countries.⁵¹

Another strength is the **diversity, scope and innovative power** of its economies: Germany, France and the United Kingdom are major national economies with far-reaching international trade relations and economic output. For example, the EU has concluded trade agreements with almost 80 countries.⁵² The European continent is still one of the most vibrant and innovative hubs: In 2023, the European Patent Office was entrusted with the examination of more applications than ever before, which is an indicator of the attractiveness of the European technology market and its high quality.⁵³

⁴⁵ van Rij, Armida: The EU's Continued Dependency on Russian Gas Could Jeopardize Its Foreign Policy Goals. Chatham House, 2024. <https://www.chathamhouse.org/2024/06/eus-continued-dependency-russian-gas-could-jeopardize-its-foreign-policy-goals>, [retrieved July 25, 2024].

⁴⁶ Duguin, Stéphane and Pavlina Pavlova. The Role of Cyber in the Russian War Against Ukraine: Its Impact and the Consequences for the Future of Armed Conflict. Policy Department for External Relations, 2023, p. 6.

⁴⁷ BITKOM estimated that from 2016 to 2017 German companies incurred damage of €43 billion from data espionage and sabotage. See Demertzis, Maria and Guntram Wolf. Hybrid and Cybersecurity Threats and the European Union's Financial System. In: Policy Contribution, Issue No.10, 2019, Bruegel AISBL, p. 3.

⁴⁸ https://single-market-economy.ec.europa.eu/single-market_en, [retrieved July 25, 2024].

⁴⁹ <https://www.imf.org/external/datamapper/PPPSH@WEO/EU/CHN/USA>, [retrieved July 25, 2024].

⁵⁰ https://single-market-economy.ec.europa.eu/single-market_en, [retrieved July 25, 2024].

⁵¹ Hafner, Manfred and Pier P. Raimondi. Energy and the Economy in Europe. In: Hafner, Manfred and Guicomo Luciani (eds). The Palgrave Handbook of International Energy Economics. Cham: Palgrave Macmillan, 2022, p. 731.

⁵² https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en, [retrieved July 25, 2024].

⁵³ <https://www.brusselstimes.com/987564/innovation-worldwide-boosts-demand-for-patents-in-europe-in-2023>, [retrieved July 25, 2024].

Many European countries have well-developed **social welfare, education and healthcare** systems. This supports strong social cohesion within these states and prosperity across the whole European region.⁵⁴ One result is that 20 out of the 25 highest ranking countries in the OECD's Better Life Index (2021) are in Europe.⁵⁵

From an economic perspective, however, Europe also has several deficits. Economic development on the entire continent is neither stable nor expanding (**imbalanced**). Although per capita GDP in Central and Eastern Europe has risen considerably, their relatively small size and lower starting position mean that they cannot reverse the trend of relative economic decline, neither in Europe nor in the EU.⁵⁶ Despite harmonization, there are still problems in the internal market, e.g. with VAT, business start-ups, cross-border traffic and the provision of services.⁵⁷ The market, which is based on freedom and competition, is seen for example by the trade unions as too imbalanced and not very social.⁵⁸ Additionally, Europe is far behind the US economically in terms of GDP per capita growth and purchasing power parity.⁵⁹ Regarding economic growth and energy consumption, China has already overtaken the EU.⁶⁰

Another problem is the **ageing**⁶¹ of the continent with all the associated deficits like pension payments and the burden on healthcare systems. This means that a smaller proportion of the population must finance an increasing number of older people and the welfare state, requiring higher spending on social protection systems, pension funds and healthcare.⁶² This threatens to exacerbate labor shortages, inflate public budgets and deepen regional inequalities.⁶³ In addition, there are also growth-inhibiting factors such as the loss of innovative strength, higher risk aversion, fear of losses, etc.⁶⁴

The rising **public debt** with the risk of financial distress faced by many European countries is also a problem. IMF data shows that some of the largest European economies (e.g. UK, Spain, Italy and France) must govern on the basis of high levels of central government debt. In some cases,

⁵⁴ Begg, Iain, Fabian Mushövel and Robin Niblett. Europe Programme. The Welfare State in Europe Visions for Reform. Chatham House, 2015. pp.10-12.

⁵⁵ <https://www.oecdbetterlifeindex.org/#/221111111111>, [retrieved July 25, 2024].

⁵⁶ Erixon, Fredrik, Oscar Guinea and Oscar du Roy. If the EU Was a State in the United States: Comparing Economic Growth Between EU and US States. Policy Brief, No. 07/2023, p. 16.

⁵⁷ <https://www.een-hessen.de/dienstleistungen/binnenmarkt/probleme/#:~:text=Trotz%20zahlreicher%20Harmonisierungsma%C3%9Fnahmen%20entstehen%20im,im%20EU%2DAusland%20t%C3%A4tig%20werden>, [retrieved July 25, 2024].

⁵⁸ <https://www.akeuropa.eu/de/eu-binnenmarkt-notfallinstrument-mit-schwaechen#:~:text=So%20weisen%20Gewerkschaften%20und%20die,einer%20Neuausrichtung%20des%20Binnenmarktes%20bedarf>, [retrieved July 25, 2024].

⁵⁹ <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?end=2023&locations=EU-US-CN&start=2003>, [retrieved July 25, 2024].

⁶⁰ <https://www.bpb.de/kurz-knapp/zahlen-und-fakten/europa/135808/eu-usa-china/>, [retrieved July 25, 2024].

⁶¹ The estimated data from the 8th Cohesion Report projected that by 2040 half of the population of the EU member states will live in regions with a decreasing number of citizens. Furthermore, in the east of the European Union, 85% of the population will be decreasing, compared to only 37% in the western regions. <https://cohesiondata.ec.europa.eu/stories/s/Exploring-regional-demographic-trends-demography-a/576z-6f9b/#:~:text=Projections%20indicate%20that%20by%202040,%25%20in%20north%2Dwestern%20regions>, [retrieved July 25, 2024].

⁶² <https://www.ilo.org/resource/news/europes-ageing-population-comes-silver-lining>, [retrieved July 25, 2024].

⁶³ <https://de.euronews.com/my-europe/2023/10/11/brussel-schlagt-alarm-wegen-rascher-uberalterung-der-eu-bevolkerung>, [retrieved July 25, 2024].

⁶⁴ <https://www.euronews.com/2023/03/21/euronews-debates-how-can-europe-regain-pole-position-in-innovation>, [retrieved August 2, 2024].

the ratio of public debt to GDP is over 100 percent. In contrast, only a few European economies can boast a public debt ratio of less than 25 percent.⁶⁵ From an economic perspective, high public debt can be an obstacle to economic growth, as states cannot co-invest in or subsidize future economic projects and innovations.⁶⁶

Last but not least, the governance structures of Europe have to be analyzed regarding their influence on strengths and weaknesses.

One of Europe's particular strengths is the high quality of its **institutions**. According to the World Governance Indicators (WGI), the EU ranks at the top of the list and above the global average in terms of accountability, political stability, government effectiveness, regulatory quality, rule of law and anti-corruption.⁶⁷ These terms have also been formalized with neighboring regions and non-member states of the EU, with the aim of developing a larger common area of justice based on the values and instruments of the Council of Europe, such as the rule of law, political stability and the fight against corruption.⁶⁸

Several European countries, but especially the EU, have set a **regulatory framework** and therefore standards and objectives for integration and trade within Europe. As a result, frameworks and regulations have changed and are still changing in different regions of the continent.⁶⁹ European law and the integration process have thus embedded the constant reformation of the Union's and Europe's development and cohesion policies.⁷⁰

Europe is also a leader in **innovative policymaking** in areas such as climate change (renewable energy), the digital economy and data protection. These policies often set global standards. The same applies in regulatory terms to patent law or the protection of trademarks or consumer protection.⁷¹ Through institutions and intercontinental relations, scientific development activities and performance in various fields are scanned to identify potential new problems and applicable solutions. Development, funding and analytical tools are therefore used to enable collaborative approaches to develop and implement new initiatives.⁷²

However, European governance also has its shortcomings. In particular, the EU's governance structure involves several bureaucratic levels (**bureaucracy**), and the decision-making processes are complex. This complexity increases unnecessary transaction costs and takes time. Hence, the

⁶⁵ <https://www.imf.org/external/datamapper/datasets/GDD>, [retrieved July 25, 2024].

⁶⁶ <https://www.akeuropa.eu/de/eu-binnenmarkt-notfallinstrument-mit-schwaechen#:~:text=So%20weisen%20Gewerkschaften%20und%20die,einer%20Neuaustrichtung%20des%20Binnenmarktes%20bedarf>, [retrieved July 25, 2024].

⁶⁷ Mascherini, Massimiliano and Mizsei Berta. Promoting Social Cohesion and Convergence, Does Europe Lead the Way in Institutional Quality. Eurofound, 2022, p. 7.

⁶⁸ <https://www.coe.int/en/web/der/non-member-states>, [retrieved July 25, 2024].

⁶⁹ European Parliament. The Historical Development of European Integration. 2018, pp. 4-5.

⁷⁰ Niedobitek, Matthias. Europarecht – Politik der Union, Berlin: de Gruyter, 2014, p. 644.

⁷¹ https://knowledge4policy.ec.europa.eu/visualisation/competence-framework-innovative-policymaking_en, [retrieved August 2, 2024.]

⁷² https://joint-research-centre.ec.europa.eu/jrc-science-and-knowledge-activities/innovative-policymaking_en, [retrieved July 25, 2024].

A research project by Ludwig-Maximilians-Universität on the complexity of public policy development in the EU underlines this increasing trend and the possible political alienation of EU citizens. See Hurka, Steffen, Maximilian Haag and Constantin Kaplaner. Policy Complexity in the European Union, 1993 – Today: Introducing the EUPLEX Dataset. LMU Munich, 2021, pp. 2-13.

complexity of political and social issues is increasing, and the actual implementation of policies through state bureaucracies might be one of the variables for public acceptance.⁷³ Often, the complexity and interdependencies within Europe lead to inefficient implementation of legislation.

Europe's governance structure is also threatened by growing **polarization**. There has been an increase in autocratic regimes, hostility and violence against ethnic minorities.⁷⁴ At the same time, a splintering of the political spectrum can be observed, accompanied by a strengthening of the ideological right.⁷⁵

2. Opportunities and Threats of Europe

However, the positioning and thus the role is also influenced by the opportunities and risks that Europe is currently confronted with and will face in the future.

When analyzing the opportunities and threats that Europe faces, a number of meaningful starting points can be found in the field of security and defense.

Artificial intelligence represents a major opportunity in the field of security, especially cyber security.⁷⁶ AI is excellent at analyzing large amounts of data and has great potential to detect and respond to attacks faster than humans, even autonomously. It is able to learn normal behavior to identify anomalies, uses simulated attacks to find vulnerabilities, and uses historical data to proactively predict future threats.⁷⁷ Europe's cybersecurity benefits from strong information sharing and **collaboration**. Blockchain technology will further enhance data security by eliminating single points of failure due to its decentralized and cryptographic features. As a result, the protection against insider threats makes manipulation nearly impossible.⁷⁸ Moreover biometric authentication is revolutionizing cybersecurity by using unique biological characteristics for verification. This approach addresses weaknesses in traditional systems and enhances both security and user convenience.⁷⁹

Another opportunity is an **expansion of NATO** beyond the current 32 members. The Russo-Ukrainian war and the accession of Finland and Sweden prove that the alliance remains attractive.⁸⁰ An expansion of the NATO alliance can serve as an instrument to push back (potential) opponents strategically. At the same time, the growing geopolitical influence can be used to strengthen military capabilities and thus ensure stability and security. Close cooperation on a larger scale saves resources and increases efficiency.

Investments in defense and security technologies, such as cyber security, AI, drone technology and new weapons systems, represent an opportunity for Europe. The high level of qualification and

⁷³ Hurka, Steffen, Maximilian Haag and Constantin Kaplaner. Policy Complexity in the European Union, 1993 – Today: Introducing the EUPLEX Dataset. LMU Munich, 2021, pp. 2-17.

⁷⁴ Singh, Prema. Populism, Nationalism, and Nationalist Populism. *St Comp Int Dev* 56, (2021), p. 265.

⁷⁵ <https://www.pewresearch.org/short-reads/2022/10/06/populists-in-europe-especially-those-on-the-right-have-increased-their-vote-shares-in-recent-elections/#:~:text=Across%20Europe%2C%20populists%20%E2%80%93%20especially%20those,for%20cross%2Dnational%20political%20information,> [retrieved July 25, 2024].

⁷⁶ However, it must be noted that Europe is not playing a significant role in the development of AI technology.

⁷⁷ Morgan Stanley. AI and Cybersecurity: A New Era.

⁷⁸ Pehar, Danny. How Blockchain Revolutionizes Data Integrity and Cybersecurity. *Forbes.com*.

⁷⁹ Amos, Zac. 5 Benefits of Implementing Biometric Authentication in Cybersecurity. *Global Cybersecurity Alliance*.

⁸⁰ <https://www.nato.int/docu/comm/1999/9904-wsh/pres-eng/04open.pdf>, [retrieved August 2, 2024].

training, as well as the cooperation between public and private players and the European Research Area (ERA) are additional opportunities. Programs such as Horizon Europe or Erasmus strengthen **research and development** and international understanding.

Crises and wars have acted as powerful catalysts for research and development in the past. The launch of Sputnik during the Cold War, for example, triggered the space race, which led to advances in space technology that had far-reaching effects on the post-war period. Other innovations in computing and telecommunications from this period have since revolutionized various aspects of modern life.⁸¹ Crises and wars have the paradoxical effect of both causing damage and bringing progress in terms of **crisis-driven innovation**. In the face of modern challenges, such as pandemics, climate change and geopolitical tensions, understanding crisis-driven innovation can be beneficial.

Interconnectedness also harbors a high risk, as it is susceptible to cybercrime. Recently, a faulty software update caused widespread disruption to airlines, hospitals and governments worldwide.⁸² The **critical infrastructure** of a highly developed continent is therefore both a blessing and a curse. Joint efforts are taking place to develop hybrid computing systems,⁸³ although there are concerns that hackers could use quantum technology to crack encryption keys.⁸⁴ Autonomous technologies are becoming more prevalent, for example in industrial robots,⁸⁵ driverless cars⁸⁶ and seaborne transportation,⁸⁷ but also in wars, in which drones play a growing role.⁸⁸ Digital networking is associated with increased vulnerability to hackers and cyber attacks, liability issues, ethical questions, problems with sensors and software malfunctions.

Possible **military conflicts** are a further threat to Europe's role in the world. The reasons for such conflicts include active aggression due to expansionism, instability in regions such as Africa or the Middle East, terrorism, the desire to access resources, interference in internal affairs, e.g. through disinformation, and political instability. The war in Ukraine has refocused NATO's strategy on defense and aggression prevention and has increased the need for closer cooperation and an effective defense strategy that promotes unity and common security.⁸⁹ This disunity could intensify and be exploited militarily by other actors. NATO is already monitoring Chinese cyber activities, military advances and investments in infrastructure, while strengthening partnerships with East Asian democracies.⁹⁰

⁸¹ Center, Seth and Emma Bates. Tech-Politik: Historical Perspectives on Innovation, Technology and Strategic Competition. CSIS, 2019.

⁸² Graham-Mclay, Charlotte. A Faulty Software Update Causes Havoc Worldwide for Airlines, Hospitals and Governments. ABC News.

⁸³ <https://digital-strategy.ec.europa.eu/de/policies/quantum>, [retrieved July 26, 2024].

⁸⁴ Gilkes, Kristin. Preparing for Quantum Cybersecurity Now. EY – Global.

⁸⁵ <https://ifr.org/ifr-press-releases/news/eu-industries-invest-heavily-in-robotics>, [retrieved July 26, 2024].

⁸⁶ <https://traton.com/en/newsroom/stories/legal-framework-in-the-eu-driverless-through-europe.html>, [retrieved July 26, 2024].

⁸⁷ https://transport.ec.europa.eu/transport-modes/maritime/maritime-autonomous-ships-and-shipping_en, [retrieved July 26, 2024].

⁸⁸ <https://cepa.org/article/the-challenges-posed-by-21st-century-warfare-and-autonomous-systems/>, [retrieved July 26, 2024].

⁸⁹ <https://www.csis.org/analysis/future-natos-eastern-flank>, [retrieved July 26, 2024].

⁹⁰ Dembinski, Matthias and Caroline Fehl. Three Visions for NATO. Mapping National Debates on the Future of the Atlantic Alliance. Friedrich Ebert Stiftung, 2021.

There are also **cultural factors** that could be a risk for Europe. Recently, the war in Ukraine has highlighted the influence of religion on politics, as the Russian Orthodox Church (ROC) and the Orthodox Church of Ukraine (OCU) find themselves on opposite sides of the conflict. Since Ukrainian independence in 1991, the OCU has been striving for autonomy and was finally granted independence in 2019, which Moscow rejected. The ROC has always supported Russian political agendas, including the recent invasion of Ukraine. The church has framed the conflict as an effort to protect Orthodox Christians and traditional values. Various global religious leaders, including Pope Francis, have called for peace and emphasized the social impact of the war.⁹¹ The historical dimension of "colonialism" and its consequences must also be viewed in this context.

In a second step, economy and trade must be considered once again to assess the opportunities and threats that will impact Europe's position in the world in coming years.

The prosperity, growth, efficiency, (cross-border) mobility and integration of the various European economies are a strength of the European **single market**.⁹² The European Union and the associated countries are adaptable to economic changes and transformations. It has succeeded in reducing inflation rates, promoting GDP growth and stabilizing overall employment (see Table "World Gross Domestic Product – by Region"). As a growth factor, regulatory stabilizer and facilitator of the cross-border exchange of people and capital, the single market is the economic future and an amplifier of economic change.

World Gross Domestic Product - by Region

In absolute figures and shares in percent, 1970 to 2022

	1970		1980		1992		2000		2010		2020		2022	
	GDP in billion US dollars; Shares in percent													
		%		%		%		%		%		%		%
World	3,421	100.0	12,366	100.0	25,858	100.0	33,755	100.0	66,578	100.0	85,311	100.0	100,178	100.0
Asia¹	519	15.2	2,314	18.7	6,480	25.1	9,125	27.0	19,815	29.8	31,243	36.6	35,776	35.7
North America²	1,168	34.1	3,149	25.5	7,153	27.7	11,063	32.8	16,774	25.2	22,819	26.7	27,726	27.7
Europe³	1,386	40.5	5,104	41.3	9,133	35.3	9,457	28.0	18,390	27.6	19,570	22.9	21,414	21.1
Latin America and the Caribbean	181	5.3	769	6.2	1,379	5.3	2,250	6.7	5,255	7.9	4,520	5.3	5,862	5.9
West Asia	50	1.5	417	3.4	585	2.3	883	2.6	2,541	3.8	2,932	3.4	4,055	4.0
Africa	117	3.4	612	4.9	585	2.3	673	2.0	2,033	3.1	2,444	2.9	2,815	2.8
Russia and Central Asia	-	-	-	-	543	2.1	304	0.9	1,771	2.7	1,782	2.1	2,531	2.5

Footnote: ¹ Excluding West Asia and Central Asia; including Oceania.

Footnote: ² Excluding Mexico.

Footnote: ³ From 1992 excluding Russia; 1970 and 1980: Including the Union of Soviet Socialist Republics, USSR (15 states).

Source: United Nations Conference on Trade and Development (UNCTAD): Online database: UNCTADstat (11/2023).



The European payment system, the SWIFT agreement and the European currency are further strengths which can be summarized under the keyword **capital market**. In 2023, the share of the Euro as an international currency remained above the 19 percent usage mark. As a result, the Euro is still the second most important currency.⁹³ Many other countries are dependent on this currency and the existing European financial centers, and this position can be expanded. Green finance is

⁹¹ O'Beara, Fearghas. Russia's War on Ukraine: The Religious Dimension. European Parliament, 2022.

⁹² Bublitz, Elisabeth. The European Single Market at 25. In: Intereconomics, Vol. 53, No. 6 (2018), pp. 337–342.

⁹³ <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.pr240612~52259e0382.en.html>, [retrieved 26.07.2024].

also a topic in this context. In addition, other countries could also introduce the euro, which would strengthen economic integration and, in turn, stability.

Cooperation and innovation are another important factor for Europe's economic future. Partnerships and the exchange of knowledge and goods can promote and support the innovation and prosperity of the European peoples as well as Europe's global position. The exchange of scientific research between universities and companies, for example, made the first COVID-19 vaccine possible and was a strength.⁹⁴ The opportunity here is to maintain this cooperation – in areas such as the green economy, renewable energies, agricultural technologies, health and biotechnology, demographic change, infrastructure and smart cities – and promote the demand for educational institutions, technological expertise and economic know-how, while generating a competitive advantage from the experience gained.

Nevertheless, there are also several major potential risks that could lead to an economic fragmentation of Europe. The population of the 27 EU countries will grow more slowly and reach its peak of 525 million inhabitants in 2044. After that, the population will begin to shrink, so that the number of EU citizens will be 416.1 million in 2100. This development brings enormous challenges for the pension systems of countries with increasingly **ageing populations**.⁹⁵ Moreover, rural regions and cities are affected differently by this change. In addition, 85 percent of the population in eastern regions will shrink, compared to only 37 percent in Western regions.⁹⁶ This growing demographic obsolescence and rural and **urban fragmentation** will lead to increasing social welfare costs and a significant reduction in the workforce within specific regions, and higher demand for human capital in prosperous regions.

In terms of the South-North and West-East divide, economic problems exist that could exacerbate tensions and hinder joint decision-making. Research has shown that, comparing countries with a high starting level (high prosperity, established industries) and countries with a low starting level, those with a lower starting level now have higher growth rates. France, the UK, Germany, the Netherlands and Austria (members of the "blue banana") have greater prosperity but are currently below average in terms of GDP growth. Simultaneously, the Central and Eastern European countries have maintained high growth rates and gained in prosperity. This raises the risk of a **reduction in prosperity** and divergence within Europe and the possibility that financial measures to support Europe's cohesive economic⁹⁷ development will fail.⁹⁸

Political conflicts and wars have led and will lead to **price shocks** on the resources market (e.g. the rise in the price of crude oil following the Yom Kippur War, the Iranian revolution, the invasion

⁹⁴ <https://www.eib.org/en/projects/all/20200325>, [retrieved 26.07.2024].

⁹⁵ It should be noted that the process of demographic change varies from country to country. While Sweden has a median age of 40.5 years, Italy and Germany are at 47.2 and 45.9 years. According to the study, Italy could become the first country with a median age of 50 years in 2030, see: Kiss, Monika. Demografischer Ausblick für die Europäische Union, in: Wissenschaftlicher Dienst des Europäischen Parlaments, 2022. [https://www.europarl.europa.eu/RegData/etudes/STUD/2022/729461/EPRS_STU\(2022\)729461_DE.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/729461/EPRS_STU(2022)729461_DE.pdf), pp. 1-3, [retrieved 24.07.2024].

⁹⁶ <https://danube-region.eu/cohesion-in-europe-towards-2050-8th-report-on-economic-social-and-territorial-cohesion/#:~:text=On%209%20February%202022%2C%20the,regions%2C%20cities%20and%20rural%20areas>, [retrieved July 24, 2024].

⁹⁷ bp Statistical Review of World Energy, 71st edition, 2022, p. 6.

⁹⁸ Goecke, Henry and Michael Hüther. So unterschiedlich wachsen Europas Regionen. In: W-Kurzbericht Nr. 43, Institut der deutschen Wirtschaft, July 28, 2016.

of Iraq and the Arab Spring).⁹⁹ However, these events mostly led to costly subsidies and policies for stabilizing the economies affected. At the same time, Europe and especially the EU is investing up to €396 billion annually to support the transformation of energy infrastructures and the renewable local energy supply.¹⁰⁰ As a result, **long-term dependencies** can have severe economic effects and increase the risk of long-term crises and negative outcomes.

Finally, as the following analysis shows, diverse opportunities and threats in the field of governance shape Europe's ability to take action and its standing in the world.

Europe's governance is also a source of opportunities and risks. The principle of subsidiarity is based on Article 5(3) of the Treaty on European Union, which states that political measures should be transferred to the EU level if the scale and the desired effect can be achieved more successfully by the EU than by the member states.¹⁰¹ This principle enables more **efficient governing**. One example of this is the sanctions against Russia that the EU has imposed since Russia's intervention in Eastern Ukraine in spring 2014. By June 2024, the EU had declared sanctions against more than 2,200 Russian individuals or organizations.¹⁰² Another example is the NextGenerationEU economic recovery plan. The plan was a response to the economic consequences of the coronavirus pandemic, with the aim of supporting countries that were particularly affected by the pandemic and its consequences.¹⁰³ This shows that the EU can respond comprehensively to major crises, thanks to the principle of subsidiarity. It also shows that democracies can govern effectively and quickly, even at supranational level. This increases people's trust in state institutions and the political system. The opportunities associated with the principle of subsidiarity can lead to more support for the EU and more global **support for democracies**.

When looking at strengths, it is also important to mention **education**. Teaching European values, such as diversity, international understanding, freedom and democracy, provides the opportunity to create more Europe-friendly citizens. The Erasmus program, which promotes cultural exchange in Europe, has shaped the academic careers of 13.7 million students and other academics since its inception in 1987.¹⁰⁴ According to a study by the European Commission, 72 percent of graduates believe that their mobility has been beneficial to their careers. This flagship initiative promotes student mobility, improves academic cooperation and strengthens the common identity.¹⁰⁵ Young people are our future. If they are convinced Europeans, it offers an opportunity to advance the process of European integration in the future.

⁹⁹ bp Statistical Review of World Energy, 71st edition, 2022, p. 24.

¹⁰⁰ [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754623/EPRS_BRI\(2023\)754623_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/754623/EPRS_BRI(2023)754623_EN.pdf), [retrieved July 24, 2024].

¹⁰¹ Granat, Katarzyna. Subsidiarity as a Principle of EU Governance. Globalisation and Governance. Cambridge University Press, 2018. pp. 273–304. Consolidated version of the treaty on European Union, Art. 5 (3). https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0023.02/DOC_1&format=PDF, p. 6, [retrieved July 25, 2024].

¹⁰² <https://www.consilium.europa.eu/en/policies/sanctions-against-russia/>, [retrieved July 25, 2024].

¹⁰³ https://next-generation-eu.europa.eu/index_en#:~:text=NextGenerationEU,-%C2%A9%20EU&text=NextGenerationEU%20is%20more%20than%20a,need%20to%20make%20this%20happen, [retrieved July 24, 2024].

¹⁰⁴ European Commission. Directorate-General for Education, Youth, Sport and Culture. Erasmus+ Annual Report 2022 (2023). <https://data.europa.eu/doi/10.2766/211791>, [retrieved July 25, 2024].

¹⁰⁵ European Commission, Directorate-General for Education, Youth, Sport and Culture, Erasmus+ Higher Education Impact Study (2018). <https://data.europa.eu/doi/10.2766/162060>, [retrieved July 25, 2024].

However, the governance structure also has weaknesses that pose fundamental threats. Following the failed attempt at creating a European constitution in 2005, the integration process has slowed.¹⁰⁶ The financial crisis and the resulting Euro crisis have exacerbated this standstill.¹⁰⁷ The principle of **unanimity** in the European Council appears to be particularly problematic. Above all, the admission of new members requires the approval of all member states,¹⁰⁸ which reduces the likelihood of further political integration. Added to this are **inefficiencies** and bureaucratic inertia – e.g. application procedures and approval processes – which can hinder effective governance.

Furthermore, since the Brexit referendum in 2016 and the withdrawal of the United Kingdom, the **breakup** of the EU is no longer an unrealistic scenario. Brexit could set a precedent for other exits. Integration theory post-functionalism is discussed in political science in this context. It means that even more political integration at the EU level leads to an ever-growing resistance movement,¹⁰⁹ since parties in many countries see the possibility of winning over voters by promoting the narrative of regaining sovereignty from the European level.¹¹⁰ The results of the 2024 European parliamentary elections highlight the growth of the Eurosceptic political camp. If this trend continues, the EU's cohesion will be threatened in the future.

But threats also require concrete policy responses. Regarding governance, there are **constant force-majeure issues**. Therefore, it is important to ask whether Europe is prepared for climate change, wars, economic crisis, natural disasters, power failures and health emergencies, such as pandemics. The political system must take precautions and create emergency plans for such events, even if they seem improbable. Risk management has become more important in recent years, and this trend will probably continue. In November 2021, the Council adopted conclusions on improving the EU's resilience.¹¹¹ Europe's future will also be decided by its ability to manage crises.

However, governance issues are also affected by outside influences, the weakening of institutions, disinformation, fake news, infiltration and even populism, which in the past – when they came from abroad – were generally subsumed under the term **espionage**. An answer must also be found to these issues in the context of external, **uncontrolled migration**.

¹⁰⁶ Finke, Daniel, Thomas König, Sven-Oliver Proksch and George Tsebelis. *Reforming the European Union: Realizing the Impossible*. Princeton: Princeton University Press, 2012.

¹⁰⁷ Marelli, Enrico and Marcello Signorelli. *Europe and the Euro Integration, Crisis and Policies*. Cham: Springer International Publishing, 2017.

¹⁰⁸ <https://www.consilium.europa.eu/en/council-eu/voting-system/unanimity/#:~:text=The%20Council%20has%20to%20vote,appointment%20of%20a%20special%20representative>, [retrieved July 26, 2024].

¹⁰⁹ Leuffen, Dirk, Berthold Rittberger and Frank Schimmelfennig. *Postfunctionalism – Integration and Differentiation in the European Union*. Switzerland: Springer International Publishing AG, 2021, pp. 144-146.

¹¹⁰ Leuffen, Dirk, Berthold Rittberger and Frank Schimmelfennig. *Postfunctionalism – Integration and Differentiation in the European Union*. Switzerland: Springer International Publishing AG, 2021, p. 152.

¹¹¹ In this paper, central goals and measures are mentioned for improving resilience in light of the possible crises described. See <https://www.consilium.europa.eu/en/policies/eu-crisis-response-resilience/>, [retrieved July 26, 2024].

V Recommendations

As mentioned above, it will be important for Europe to bundle strengths and opportunities and not reinforce weaknesses and threats as it formulates its own role. The SWOT aspects can only serve as examples here.

SWOT Analysis

		Helpful	Harmful
Internal Origin	<p>Opportunities</p> <ul style="list-style-type: none"> • Security and Defense: Artificial Intelligence, collaboration, expansion of NATO, Research and development, crisis-driven innovation • Economy and Trade: Single market, capital market, cooperation and innovation • Governance: Efficient governing, support for democracies, education 	<p>Strength</p> <ul style="list-style-type: none"> • Security and Defense: Alliances, intelligence sharing, peace and stability project • Economy and Trade: Economic power, diversity, scope and innovative power, social welfare, education and healthcare • Governance: Institutions, regulatory framework, innovative policymaking <p>SO-Strategy</p> <ul style="list-style-type: none"> • Security and Defense: European defense union, peacekeeping, PPP, Assertion of European interests • Economy and Trade: International standards, new trade agreements, protecting R&D • Governance: Experience, Independence of the Euro, enforce regulations and promote products, efficient bureaucracy, reliable basis, leadership role 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Security and Defense: Insecurity and vulnerability, demand for resources, infrastructural fragility • Economy and Trade: Imbalanced, ageing, public debt • Governance: Bureaucracy, polarization <p>WO-Strategy</p> <ul style="list-style-type: none"> • Security and Defense: AI tools, NATO alignment of interests • Economy and Trade: Lifelong learning and workforce qualification, technological developments, dual sourcing • Governance: Concentration on task fulfillment, social shaping, equalization of living conditions
External Origin	<p>Threats</p> <ul style="list-style-type: none"> • Security and Defense: Critical infrastructure, military conflicts, cultural factors • Economy and Trade: Ageing population, urban fragmentation, reduction in prosperity, price shocks, long-term dependencies • Governance: Unanimity, inefficiencies, breakup, constant force-majeure issues, espionage, uncontrolled migration 	<p>ST-Strategy</p> <ul style="list-style-type: none"> • Security and Defense: Resilience, falsificationism, paradigm shift, comprehensive risk map • Economy and Trade: Economic integration, investments, financial institutions • Governance: Crisis and risk management, faster adjustment, bundling of decision-making processes 	<p>WT-Strategy</p> <p>Avoidance, damage control</p>

Source: Own illustration



It is particularly important to benefit from the opportunities offered by an SO strategy. Such a strategy combines the advantages of the strengths with the best opportunities for the future, i.e. a best-case scenario, which leads to a positive leverage effect and thus greater impact regarding Europe's role.

Europe has advanced technologies and an experienced, globally recognized security and defense industry, as well as considerable capabilities in artificial intelligence. Given NATO's current attractiveness, the chance exists to combine them and build a **European defense union**. Of course, this would require substantial investments.

Europe's diverse experiences in crisis and conflict management, and its knowledge of cooperation, can be used to mediate in conflict regions and to promote peace. By making strategic use of this strength and opportunity, Europe can consolidate its position in the world and act as a pioneer in **peacekeeping**.

Its many years of experience in promoting **public-private partnerships** (PPP) can also be used in cyber security in order to make use of artificial intelligence, on the one hand, but also to set standards and strategies in a global context, on the other.

The large European economies and their influence in the WTO, G7 and G20, along with their strong trade relations and the international interest in the EU's large single market, all offer Europe the chance to define its own role more decisively and to actively assert European interests (**Assertion of European interests**).

Europe can create a digital and sustainable economy based on renewable energy and environmentally friendly technologies (green deal) while setting **international standards**. It will be important not to lose its leading role in various industries, such as automotive, aerospace, mechanical engineering and chemicals, but to actively defend it against international competitors. This includes enabling investment in new technologies and innovations that modernize existing industries.

Europe can conclude **new trade agreements** with emerging regions alongside established players to secure access to new markets and diversify economic relations, but also to reduce dependencies on existing "extended workbenches." However, measures must be taken to ensure that Europe's innovative power cannot simply be copied (**protecting R&D**) and that such extended workbenches will not be used against it in the future, as in the example of China and photovoltaic technology.

At the same time, Europe can play a pioneering role when it comes to sharing know-how that others do not yet have. **Experience** in the field of education, with the welfare state and in dealing with demographic change (as well as developing technologies like medical robotics) will also be of interest to other global regions and could be a competitive advantage. However, this expertise should not be passed on to third parties without considering Europe's own interests.

The situation is similar with secure trading and financial markets, which are characterized by transparency and stability. As the second most important currency, the Euro, which enjoys considerable stability and confidence thanks to the European Central Bank, is a reserve currency that is not subject to influence by the US and is therefore highly attractive for other regions. Greater emphasis must be put on the **independence of the Euro**.

Europe's financial and trading markets are assets that can be used more actively to **enforce regulations and promote products**. The market for green bonds and other sustainable financial products can thus be expanded to boost investment in environmentally friendly projects and, at the same time, offer investors attractive investment opportunities. This also includes (actively) preventing the establishment of an alternative to the SWIFT agreement by third parties as far as possible.

Europe can also use its governance to strengthen its international role. This includes the use of new technologies, but also the knowledge of **efficient bureaucracy** to make public administration more transparent, efficient and citizen-friendly. Public administration of this sort is independent and, at the same time, accountable, i.e. regulated and not arbitrary, and less susceptible to corruption.

Europe is a model of good governance that is very attractive to many parts of the world. Fighting corruption, guaranteeing the independence of the judiciary and promoting transparency in all areas of public administration provide a **reliable basis** for investors, citizens and partners. This can be used to build strategic global alliances. Involving citizens in political decision-making processes can strengthen trust in institutions and improve the quality of governance. This could set Europe apart from other global players.

Europe can also take a **leadership role** in tackling global challenges such as climate change, migration and sustainable development. By promoting green technologies, implementing the Green Deal and supporting international agreements, Europe can lead the way in these areas.

Many of these activities also protect Europe's role when it comes to possible future threats (ST strategy). Building **resilience** against unknown crises and developments will be a key factor. This resilience includes preparing the public for potential crises and strengthening their willingness to defend themselves against possible threats.

In this sense, the proverbial “Cassandra warning” is many times more valuable than the reconfirmation of already known information by an expert. In response to the existence of such risks, Karl Raimund Popper brought **falsificationism** into play: Nothing is absolute, everything must be critically scrutinized, and free thinking must be encouraged!¹¹²

However, Nassim Nicholas Taleb rightly points out that we are blind to probabilities. “We ask ... Why is the crisis so deep, not: Why is it not deeper?”¹¹³ The occurrence of a crisis should therefore not blind us to the fact that the next – deeper – crisis could be just around the corner. A **paradigm shift** in the way the threats are considered would be helpful here.

Having a broad early warning system in place, e.g. a **comprehensive risk map**, which brings together the knowledge of public and private actors from academia, industry, think tanks, etc. and monitors data on threats at an early stage, could help Europe to take proactive measures.

Fostering Europe's **economic integration** is a first step towards defending financial and trade markets against risks. Europe will be better protected against global shocks and, at the same time, can strengthen its own role in global competition.

Investments in modern infrastructure projects can increase Europe's economic resilience. This includes the expansion of transport infrastructure, digital networks and energy supply systems (e.g. Horizon project, TSI (Three Seas Initiative)). A robust infrastructure supports trade, promotes economic development and increases resistance to crises.

Europe can intensify its cooperation with international **financial institutions**, such as the International Monetary Fund (IMF), the World Bank and the Bank for International Settlements. This cooperation can help to promote global financial stability, fight global poverty, identify risks at an early stage and respond to them in a coordinated manner.

Europe's governance structure also protects against emerging risks. As mentioned, the implementation of systematic **crisis and risk management** at the national and pan-European level can be further strengthened. COVID-19 showed that Europe's strength ends very quickly at its borders when national interests are affected, as 15 EU member states and the Schengen members Iceland, Liechtenstein, Norway and Switzerland announced border closures.¹¹⁴

¹¹² Popper, Karl R. *Logic of Scientific Discovery*. Vienna: Julius Springer, 1935.

¹¹³ Taleb, Nassim N. *Kleines Handbuch für den Umgang mit Unwissen*. Munich: Knaus Verlag, 2013.

¹¹⁴ Bossong, Raphael. *EU Border Security in a Time of Pandemic*. In: SWP Comment 2020/C 28, June 12, 2020, <https://www.swp-berlin.org/publikation/eu-border-security-in-a-time-of-pandemic>, [retrieved July 29, 2024].

On the one hand, Europe's institutions represent a great strength, but at the same time they limit the flexibility necessary for dealing with crises. The financial and sovereign debt crisis showed that Europe can temporarily adapt and relax the rules of the Stability and Growth Pact in urgent cases in order to give member states more fiscal leeway.¹¹⁵ However, the relevant decision-making processes take a relatively long time. A **faster adjustment** in times of crisis, such as the COVID crisis, could therefore increase Europe's performance and thus its competitiveness.

This leads to the difficulty that the regulatory framework must be designed in such a way that it guarantees the necessary flexibility without weakening the advantages of strict regulation. At the same time, it raises the question of whether a **bundling of decision-making processes**, e.g. a European fiscal policy, in crisis situations might not increase efficiency and thus strengthen Europe's role.

However, the theoretical discussion has also shown that it is important to turn existing weaknesses into strengths and to prevent opportunities from developing into threats. Recommendations also exist for the scenario in which Europe's weaknesses encounter opportunities. (WO strategy).

The weaknesses in the area of defense have already been pointed out. The question is therefore how insecurity and vulnerability, demand of resources and infrastructure fragility can be combined with opportunities in such a manner that they represent a competitive advantage in terms of Europe's role.

AI tools can significantly improve efficiency, security and protection against cyberattacks and reduce the vulnerability of critical infrastructures. AI algorithms can, for instance, optimize traffic flows and energy consumption through real-time analyses, or simulate disasters to identify fragilities in the infrastructure. Additionally, AI-powered surveillance systems can help to detect irregularities and potential threats. In the areas of healthcare, education and emergency response, AI can streamline public services and improve efficiency and accessibility.

NATO expansion can also compensate for Europe's weaknesses. Nevertheless, dependence on non-European members remains. Any strategic or political change in their positions weakens Europe's position. In future, it will therefore be important to ensure that the interests of Europe and NATO's non-European partners are aligned (**NATO alignment of interests**).

It seems easier to turn demographic change into a strength. Europe is currently gaining experience in the field of **lifelong learning and workforce qualification**, which also ensures the innovative strength of older generations. At the same time, experience is being gained in the areas of care and healthcare, but also in pension provision, which will enable Europe to play a pioneering role. **Technological developments** necessary for the care and support of older people can also represent a competitive advantage.

Long-term dependencies remain an economic problem when it comes to defining Europe's role, as gas supplies from Russia have recently made clear. Single sourcing represents a fundamental difficulty, as certain agency problems cannot be avoided, such as adverse selection, moral hazard

¹¹⁵ Schuknecht, Ludger, Philippe Moutot, Philipp Rother and Jürgen Stark. The Stability and Growth Pact: Crisis and Reform. ECB Occasional Paper No. 129, 2011, p. 12.

and, in particular, hold-up, whereby opportunism on the part of the other partner cannot be prevented. In business, a two-supplier system is typical in such situations.¹¹⁶ Dependencies can therefore be reduced through **dual sourcing** in order to be prepared for risks.

The weaknesses resulting from the European governance structure can also be minimized to prevent a combination of weaknesses and risks. One possibility is to reduce the overburden of bureaucracy in the EU and Europe. It must be clarified which institutional arrangements, involving bodies, organizations or institutions, are necessary (**concentration on task fulfillment**). However, a consolidation should not lead to greater ineffectiveness and fewer checks and balances within governments and private sectors.

Regarding the rise of polarization in Europe, one main factor for promoting social cohesion is education (**social shaping**). A free and well-funded education system can help reduce misbalancing and polarization factors. Information about the effects of fake news, a free press, and explanations of political and socio-economic impacts are all advantageous here. Furthermore, international educational bodies and cooperation could help to extend the benefits across borders, encourage more people to voluntarily engage in the appropriate behaviors and solidify the idea of European cohesion.

Europe's role in the world is also weakened if living conditions vary across regions and nations. This implies that Europe should develop from an economically motivated entity into a "social Europe" in which the **equalization of living conditions** is a common political goal. The principles underlying such a construct would be, for example, the networking of European welfare institutions (pension funds, health systems), intercontinental investment, the monitoring of payments to ensure fairness, and efforts to combat corruption and tax fraud.

The most difficult situation for Europe in terms of formulating its own role arises when weaknesses and risks meet and reinforce each other. It is important that everything be done to eliminate the weaknesses and overcome the risks in advance. The WT strategy can therefore only deal with defensive strategies in order to define a role at all. This scenario must be avoided under all circumstances (**avoidance**). It will be difficult to formulate a role for Europe here. Accordingly, it makes no sense to formulate recommendations that go beyond the prevention of this situation.

One possible WT strategy can be postulated as **damage control** in times of multiple crises or cases of force majeure. Europe should be capable enough to coordinate damage control measures and find solutions with the lowest socio-economic impacts.

Dealing with the strategies mentioned and implementing the recommendations will then lead to Europe's role in the world – be it as a pioneer, in-between or laggard.

¹¹⁶ Picot, Arnold, Helmut Dietl, Egon Franck, Marina Fiedler and Susanne Royer. Organisation. Theorie und Praxis aus ökonomischer Sicht. Stuttgart: Schäffer-Poeschel Verlag, 2015, pp. 258-260.

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European Security – Towards a European Way of Conflict

Christian Mölling

I Change – The Period in Between Two Orders

This is where we are – Europe, its governments and people are experiencing what it means to live between two orders. Of the old things, some still exist, others have gone. Some things still have to go and will go to allow a new order to come into place. Current change is brutal – it comes with war, as so often in Europe. What the new order looks like and how governments and people achieve it can be influenced by them. But only to a certain degree: There has been a significant loss of control and sovereignty. Europe is not the master of its own destiny but depends on non-European actors.¹

Mapping the state of European (security) affairs in this phase is like drawing a picture of fluids with different consistencies, all moved by swirls and shallows. Some change their form faster, like petrol, some much slower, like gels. The overall picture changes in very unpredictable ways. While this paper was being written, Kamala Harris replaced Joe Biden as the potential Democratic candidate for the US presidential election. Hence, we can only hope to give a plausible snapshot here that holds until the paper is read.

1. Mapping Parallel Change

The grand concepts in European discourse have changed. Europe has long talked about the EU as a global player and a normative power. This has changed dramatically. Political concepts like the geopolitical Commission, or analytical concepts like geoeconomics signify a Europe that no longer thinks about expanding its normative reach through soft power, but is competing for influence against others and even fighting for its survival as a political union.

The EU and Europe are putting an unprecedented focus on security and defense: Fundamental concepts like war, security and peace are returning to the discourse, but with very concrete political implications. The ongoing systemic change of global power structures ended the European Security Order as we knew it. One definitive manifestation of systemic change is war. For the European Security Order, this is Russia's full-scale war against Ukraine, the largest war in Europe in 70 years and one that has already changed and continues to change the security of Europe. Thus, war, security and peace are at the top of the agenda, not only for political elites and decision makers, but also for many individual Europeans. It is tangible for everyone that their security and future will be directly affected by the upcoming decisions and prior discourses.

As terms and discourse matter during this change: war, conflict and peace in a nutshell. The very purpose of war is to replace the existing order with another one. Its means are direct and organized violence meant to coerce the will of the other. Its immediate impact is disruption that is felt at every corner of public and social life. War is embedded in and the manifestation of a conflict, i.e. the clash of (at least) two actors' interests that cannot be reconciled at that time. The means of conflict go far beyond actual fighting. Actors use all means available to and considered legitimate by them to succeed. Conflict comes before fighting starts and often stays long afterwards.² Peace

¹ Mölling, Christian. *Fragile Sicherheit. Das Ende des Friedens und die neue Konfliktordnung*. Freiburg 2023.

² Galeotti, Mark. *The Weaponisation of Everything. A Field Guide to the New Way of War*. Sabon: Yale University Press, 2023.

does not come through the end of war, but through resolution of the conflict. It has well-known conditions that can be applied to the degree of “unpeace” (Unfrieden) in every relationship: monopoly on the use of force, rule of law, democratic participation, interdependencies and affect control, social justice and constructive conflict culture.³

Security, i.e. the absence of a threat to acquired values, is no longer a given.⁴ Instead, Europe’s and the EU’s core values – democratic political institutions, open societies and their way of life – face two immediate existential threats: the acute one by Russia’s ongoing invasion of Ukraine and a potential one, since EU and NATO countries no longer rule out an attack on them by Russia.⁵ At the same time, Europe has to deal with three other security threats: climate change, China and an escalation of the Middle East conflicts.

Unlike during the last 30 years, Europe is confronted with a deadline for its defense. There are probably only around five years left to prepare Europe and deter Russia.⁶ The Russian objective is most likely not to occupy Europe but to regain as much control as possible over politics and therefore to destroy the elements of order and stability that prevent Russian influence: primarily the EU with its basis of power that is the opposite of Russian power – order versus chaos, rule of law versus rule of violence, democracy and choice versus autocracy and constraint/distress. Undermining trust in NATO and Article 5 through an attack on NATO territory would possibly start the European disintegration, with Russia betting that Western European nations are not willing to invest lives to demonstrate that Article 5 holds.

Europe’s decision-making dilemma: decisive but unprecedented times. The frictions between the European order and other orders and the disruptions caused by war and conflicts, as well as the urgency of unfolding events, are all catapulting Europe into the decisive chapter of its own history. What is – or is not – decided and implemented in the next few years will have an extraordinary impact on Europe’s future security for decades to come – for individuals, societies and nations, as well as international organizations. For the EU and Europe as a whole, these decision points will have new qualities and no precedent in the recent decades of EU security policies, which focused on stability at the peripheries. On the positive side, Europe has never stood as united as it stands now against the current landscape of threats. On the negative side, Europe is not united enough to have a single or one most important political center of gravity. Instead, power balances are shifting.

The political reset within the EU weakens institutions. The new European Parliament and the upcoming European Commission open the window of opportunity to shape the EU and its future relationship with security and defense. At the same time, the results of the elections show that the

³ Senghaas, Dieter, Frieden – ein mehrfaches Komplexprogramm, in: Senghaas, Dieter (ed.), Frieden machen, Frankfurt am Main 1997, esp. p. 573.

⁴ Daase, Christopher: Wandel der Sicherheitskultur, in: Aus Politik und Zeitgeschichte 50/2010, pp. 9-16; Baldwin, David A. The Concept of Security. In: Review of International Studies Vol. 23, 1997, pp. 5-26.

⁵ NATO (2022): NATO Strategic Concept 2022: 4. Available at: https://www.nato.int/nato_static_files/pdf/2022/6/pdf/290622-strategic-concept.pdf, [retrieved July 30, 2024].

⁶ For the general argument, see Mölling, Christian and Torben Schütz. Preventing the Next War (#EDINA III) – Germany and NATO Are in a Race Against Time. In: DGAP Policy Brief No. 34, November 2023. Statements from government officials across Europe differ regarding the approximate timelines left to prepare. See also Spiegel Online. In fünf Jahren müssen wir kriegstüchtig sein. Feb. 10, 2024. <https://www.spiegel.de/politik/deutschland/carsten-breuer-general-inspekteur-der-bundeswehr-in-fuenf-jahren-muessen-wir-kriegstuechtig-sein-a-be252f67-1039-43c7-bd92-518e1be958d2>, [retrieved July 30, 2024].

EU is also losing power to national capitals. The driver behind this re-nationalization also implies that, with the growing relevance of national agendas, achieving majorities or even consensus will be increasingly costly, both timewise and politically.

A new enlargement will need to fuse the geo-strategic and institutional dimension of Europe.

The EU envisages a next round of enlargement, triggered by the biggest geopolitical crisis since 1939. Vice versa, many countries want to join the EU – hence the institutions still have an appeal. At the same time, we know that such an enlargement without making institutions fit for the geopolitical conflict Europe is already in, would undermine the EU's efficiency and legitimacy. Thinking of the future order of Europe only and primarily through the institutional lens of Brussels would narrow options and policies. Instead, the re-ordering of Europe will see many arrangements across various policy fields. Total or comprehensive defense⁷ will be crucial to protect such developments against aggression and coercion during this phase of change, thus ensuring the essence of the European way of life: the freedom of choice. Europe's enemies will not stand idly by and watch as Europe organizes itself to become more resistant and more powerful.

2. Europe, the EU and Security and Defense⁸

- **The geopolitical disruption means that the EU has to rebalance contributions to deterrence and defense with crisis management or prevention abroad.** This re-prioritization will inevitably raise questions, e.g. about the inner institutional setup and the relevance of current instruments. Ignoring them will maintain institutional harmony but lead to less relevance in contributing to the defense and security of Europe.
- **In the areas of security and, especially, defense, the EU is still a lightweight.** EU contributions to security and defense have de facto grown out of the classical institutional frame of the Common Foreign and Security Policy (CFSP) / Common Security and Defence Policy (CSDP). The EU organizes sanctions against Russia and offers financial support to Ukraine, it trains soldiers and buys lethal equipment, and it aims to ramp up its defense industrial policy.⁹ Contrarily, CFSP/CSDP have not been significantly affected by the disruption of the security order, be it conceptually or regarding the capability bandwidth. In the defense realm, significant contributions to defending Europe come from Member States (MS), other European countries, notably Ukraine, as well as NATO-Europe¹⁰ and the US. New ambitions, like capability priorities,¹¹ do not add much to defense if the resources to deliver them are not available.
- **The recent move by EU/NATO countries to put allied deterrence and defense at the front and center of their activities has changed the quantitative and qualitative benchmarks for contributing meaningfully to Europe's defense.** There have also been political and legal red

⁷ For an overview, see Berndtsson, Joakim, Irina Goldenberg and Stefanie von Hlatky. *Total Defence Forces in the Twenty-First Century*: McGill-Queen's University Press, 2023.

⁸ This chapter builds on Mölling, Christian: *Capable: From 'paper tigers' to rapid and effective presence on the ground*. In, European Parliament, *Sovereign, Capable, Innovative, Responsive: Prospects and challenges for EU security and defence policy in the 10th parliamentary term, 2024*. <https://dgap.org/en/research/publications/sovereign-capable-innovative-responsive-prospects-and-challenges-eu-security>, [retrieved July 30, 2024].

⁹ European Commission. *A New European Defence Industrial Strategy: Achieving EU Readiness through a Responsive and Resilient European Defence Industry, 2024*.

¹⁰ Those European countries who are (also) members of NATO.

¹¹ European Defence Agency. *The 2023 EU Capability Development Priorities, 2023*. <https://eda.europa.eu/docs/default-source/brochures/qu-03-23-421-en-n-web.pdf>, [retrieved July 30, 2024].

lines for the continent's defense and deterrence, determining to what extent they can become EU policies: The EU Treaties, for example, note that territorial defense is the task of NATO. Nations also have their national defense policies and thus ambitions, e.g. France.

- **To contribute effectively, EU policies cannot simply extrapolate existing strands of established policies**, like crisis management from CSDP. The disruption of the security order poses the fundamental question instead about the right future course for security and defense policies in Europe and the EU.¹² Unfortunately, the latest EU work threads, such as the EU's Security Strategy, the Strategic Compass (SC) and the Versailles Declaration, mainly breathe the spirit of the past and do not reflect the defense challenge posed by the disruption.

II Disruption Within Change: The Potential Dynamics Over the Next Six Months

Europe is entering into the most dangerous six months so far. The institutional reset and internal political frictions and spoilers weaken the EU and Europe. Adversaries will not stand idle. External actors will not wait until Europe is ready to act, but will use the stalemate to further disrupt the remaining elements of the current order. How this could happen and with which effect on European security becomes clear if one outlines just a few of the known unknowns (those events and possibilities that we know will take place or plausibly happen) as a series of connected events and some important contextual conditions:

Stage one: US weakens European Defence by NATO weakening during the phase of power change in the US is already making waves for Europe. One serious risk is that the US will immediately reduce its contributions to NATO and threaten to make all its conventional contributions dormant, with only the nuclear contribution remaining – or perhaps not. Even if Russia cannot be certain about the remaining contributions, neither can the Europeans. Ukraine will be the direct victim of all these changes, with Europe being second.

Stage two: Variations of a peace deal. Even before the US elections, Donald Trump may offer Putin a deal on Ukraine – or Putin may make the offer and Trump could pick it up and create conditions that force the current government to change course, so as not to lose the November election due to being seen as a warmonger. Such a deal could even force Europeans to move earlier in this direction so they can have a minimum say in the conditions that they will be most affected by. The German government may see it as its responsibility to ensure that it sits at the table. It would also accord with parts of the government parties' agendas to claim having brought peace back to Europe.

Stage three: A precarious peace brokered by the US and possibly Germany as well as other Western European countries would create serious tensions within the EU and Europe. Countries along the border to Russia would feel left alone, creating an agenda split between Eastern and Western Europe that could tear the EU to pieces: The East would prioritize defense against an existential threat, the old West would compromise over Ukraine and thus over the security of Eastern Europe for its own welfare and to please risk-averse populations and party functionaries. Geo-

¹² Mentioning the EU as well as Europe highlights that countries and institutions outside the EU play a decisive role for the security and defense of Europe.

strategically, Germany would find itself in the middle and with the most leverage to shape the agenda, but also to mess it up.

- **Contextual condition one: In this delicate phase, Germany and Europe would possibly be without France.** France faces a year of inward-looking politics and being largely unable to take decisive action. Negotiations with Paris on any dossier will absorb enormous amounts of time and energy. The French weakness will also negatively influence the shaping of the EU agenda: One of the biggest players will be blocked by itself. Germany will experience a vacuum or uncertainty on all sorts of decisions on EU policy as well as security and defense topics. Further contingencies (see below) include the weakening of institutions that are part of Germany's DNA in foreign and security policy: the UN, NATO and the EU. With an additional shift in the US, Germany may react again with paralysis or take its own national path, or *Sonderweg*, also with regards to Russia (see peace deal, above).
- **Contextual condition two: EU-internal spoilers will flank external action against Europe.** The European elections have offered insights into the future EU-internal spoilers, such as the governments in Hungary, Slovenia, Slovakia. They will gain influence in an EU weakened by a Trumpian US and Russia. These countries will not promote rule of law and will prevent a strengthening of the EU and Europe vis-à-vis Russia and the US.

Stage four: To prevent a breakup of Europe and especially the EU along geo-strategic priorities, Germany and the US would have to offer massive re-assurance to NATO's Eastern countries. At the same time, Europe would have to ramp up its support for Ukraine massively, immediately and for a long time to come. Otherwise, it may be only a question of time before Russia starts its third invasion of Ukraine. As the US will not be interested in an instable Europe massively influenced by Russia, it will offer minimum support for Europe's defense – just enough to keep a balance of threats among Europeans and Russia and thus to keep them busy with each other.

In the end, Europe will be significantly worse off at the beginning of 2025 than it is today: less options to act more risks to manage, less political unity.¹³ The key factor is the change in US support to the defense of Europe and Europe's short-term inability to compensate for this change. It will force Europe to accept to a large extent external conditions and serve external interests, generating unfavorable starting conditions for the following phases of re-ordering European Security.

III Recommendations

1. Towards a European Way of Conflict

Europe and the EU will experience more and fundamental change. Currently and foreseeably, security can only be achieved by managing the systemic conflict. Europe does not need to love conflict, but it has to prepare for it, as others are willing to bring the conflict to Europe. Hence Europe's security strategy needs to be a conflict strategy. Such a strategy means, first and foremost, putting things we already know we need them into practice: The only thing that will impress

¹³ This chain of events is one of many plausible. Moreover, some of the envisaged political decisions by one actor or another could vary. But all the possibilities the author can imagine end in a deterioration of the EU's and Europe's strategic options.

the US and deter Russia is making it real – instead of another round of strategic communication with no action that will show determination.

2. Strategic Adaptation Through a Security Decade

Currently, the EU doubles down on existing policies, applying small changes. This may be the logical way from a bureaucratic point of view: The work strands have been politically agreed. But this finetuning within a policy frame that was developed long before the Russian war and the beginning of global systemic conflict increases the risk that the EU will become irrelevant, especially in the area of defense. It overlooks that the institutions are under pressure to deliver. Many see them as not fit for the geopolitical storm we are already experiencing.

To create political momentum for further strategic adaptation, the EU should declare a security decade: 10 years with more investment and fewer regulations. The challenge to defend and secure Europe cannot be managed within the framework of current concepts and available resources. Besides raising budgets, EU institutions have to re-balance economic efficiency and military effectiveness. Regulations have to be thought of as enablers of defense and security; thus, the EU has to re-evaluate which regulations it could strengthen or make more flexible in order to unleash industrial and technological potential, but also encourage investments.

3. Reshaping the Governance Ecosystem

There is a triple challenge for the governance of the emerging European security order:

- Rebalancing power within the EU between institutions and governments
- Interconnecting Europe and the EU system, especially those within the European Political Community (EPC)
- Shaping governance to fit the particularities of the security and defense policy fields with the diverse institutions, on the one hand, and the dominance of nations, on the other.

Hence, **there is a need for new forms of multilevel governance in Europe to connect the various actors across policy fields.** This will not be a nicely ordered two-level structure of nations and international institutions, but – at least for some time – many parallel and interacting activities among governments, as well as between EU institutions and nations. The field of security and defense in particular will see a new balance between institutional and intergovernmental arrangements for expanding the EU to the rest of Europe. At the same time, NATO will also have to expand and strengthen ties with non-allies.

4. A European Way of War – With a US Pillar

Europe needs its own way of war.¹⁴ This is not about symbolism from past discourses like the European Army or other forms of political emancipation from the US like strategic autonomy. Thus, for Europe's security and military, the European way of war is a strategic necessity.

¹⁴ Earlier works using this or similar titles refer either to the context of expeditionary operations (Everts, Steven, Lawrence. Freedman, Charles. Grant, Francois. Heisbourg, Daniel. Keohane, and Michal O'Hanlon. *A European Way of War*. London: Centre for European Reform, 2004) or organisational culture perspectives (Vennesson, Pascal, Fabian Breuer, Chiara de Franco and Ursula C. Schroeder. *Is There a European Way of War?* *Armed Forces & Society*. Vol. 35, No. 4 (July 2009), pp. 628-645).

The needle for US engagement in European security and especially in NATO points in one direction: less. If the US were to implement only what it announced a while ago – to deliver 50 percent of NATO capabilities – the Europeans would not be able to compensate for it. The term European pillar in NATO tries to frame the problem as one that exists in NATO and could be managed by the Europeans by increasing their engagement. But the given frame itself has been put in question by the US. Hence, the key European question is: What will the US pillar in the defense of Europe look like? Currently, scenarios of the future engagement vary from a “Europe with less NATO”¹⁵ to “Europe home alone,¹⁶” i.e. that it will have to fight all alone. Hence, Europeans could be confronted with the challenge of deterring or even fighting Russia by themselves.

The strategic options for security and military policy will change due to three factors, if the US (gradually) reduces its engagement in NATO: a) military capabilities will be lacking; b) the American way of war, as a reference point and backbone for all other NATO armies on how to fight, will shrink or disappear, c) the trust in the indivisibility of transatlantic security and thus in US security guarantees will diminish and undermine extended nuclear deterrence. The question mark behind the essential issue – Will the US use its nuclear weapons to defend Europe? – will grow.

What exactly will be lacking?

- **Capabilities.** By now, it has become an established point in the wider debate that Europe has a capability gap. Beyond enormous conventional firepower, the US provides so-called key enabling capabilities: everything that helps to trace, track and target adversaries¹⁷ and move around large forces.¹⁸ Therefore, the US has a different role in the NATO posture than others.
- **The way of war:** The US brings with it an American way of war, i.e. a distinctive ability and philosophy on how to fight and win wars, including high reliance on technology and innovation, air superiority, etc. Every army has this distinctiveness or culture. Its ingredients are expressed by the military acronym DOTMILPF (doctrine, organization, training, materiel, leadership and education, personnel and facilities). This American way of war is central because of the large share of capabilities that the US provides to NATO forces. It shaped the Western way of war. Whatever the Europeans want to organize alone, they need exactly that: organization, what in military terms is called command and control (C2) – from the “backbone” of headquarters to the “finger tips.” There is one factor that highly influences the organization: the philosophy of how nations employ force and use equipment, the so-called doctrine.
- **US security guarantees:** It will be a challenge to keep up the cognitive pressure of deterrence while reducing conventional capabilities in Europe. Moreover, this raises the issue of how Europe and the US would arrange political decision-making over the use of nuclear weapons. Third, it calls into question the conventional-nuclear continuity in the military strategic spectrum.

¹⁵ Grand, Camille. Defending Europe with Less America. <https://ecfr.eu/publication/defending-europe-with-less-america/>, [retrieved July 30, 2024].

¹⁶ Fischer, Joschka, Europe Is Home Alone, <https://www.project-syndicate.org/commentary/combined-russia-and-trump-threat-to-european-security-by-joschka-fischer-2024-02> [retrieved July 30, 2024].

¹⁷ Called ISR or ISTAR: intelligence, surveillance target acquisition, reconnaissance.

¹⁸ Strategic transport.

Fourth, and possibly the core of the challenge: This would undermine every material contribution. Hence, the mainstream answer – just add key capabilities – only addresses one part of the challenge.

Sketching a European Way of War and the US Pillar in It

A European way of war is that war that the Europeans can fight and win with the current and foreseeable posture. Assuming that materiel, facilities and personnel remain stable factors, this trickles down to changes in doctrine, organization and leadership. Given the pressing timelines, fundamental abstract debates should be skipped; the starting point should be existing arsenals and qualities. The principle should be “good enough” solutions with the option to improve incrementally.

Managing this challenge will require combining three factors:

- **A European way of war** will have to come up with a strategy suitable to the available posture, resources and geo-strategic realities of Europe. In terms of resources, a key element will be the defense industry that can supply the European way of war. There are two fundamental questions, whose answers will significantly shape the future face of European defense (see below). The answers will impact the strategy, political decision-making and solidarity among nations, as the major ramifications for the European way of war. Decisions about military command and control, headquarters, defense strategy (how to defend and by which means) will be a logical consequence of this:

Will Europe aim for a deterrence posture with a nuclear component? The biggest challenge will be having a credible deterrence. This would demand a quality of political unity among all those Europeans who are part of Europe’s defense that would impress other actors, notably Russia.

Will Europe defend every inch of Europe? A key political strategic reality is the fact that NATO-Europe is not a single country but 30, all of different size and thus strategic depth. They all have a capital that can fall, giving Russia a serious advantage and putting a common approach under pressure.

- **The US pillar in the defense of Europe.** The European way of war (political cohesion and plausible deterrence of this model) will still depend on the US and will still be linked to the US in three dimensions:

a) The vital interests of the US in Europe define the level to which the US will have to stay engaged in Europe: The US has no interest in a weak Europe under the control of Russia – and China behind it. Moreover, letting Europe down would have a negative signaling effect towards all other allies and partners of the US around the world. Vice versa, can Europe make itself a relevant partner to the US? If Europe enlarged its influence on its own security, it would create alternatives to the US engagement that also unburden the US. The flipside is that the old formula of the transatlantic realm as a homogeneous security space may have to be adapted.

One very sensitive area will be the question of whether the US will still guarantee nuclear deterrence. This would need a consultation mechanism as well as a military strategy that are plausible. Possibly, the new deterrence organization could rest on the old one in NATO.

b) Defense industrial support: Europe is currently increasing its US-produced arsenals. It is also plausible to assume that the US would not block the use of them or the provision of defense industrial support to Europe. However, increasing security of supply of services and spare parts for US equipment operated by European forces under war conditions would make some changes necessary: the physical stationing of defense industrial capacity and competence in Europe, as transatlantic shipment will become riskier. Europe must ensure the ability and right to operate US systems in engagements that the US is not involved in and may even view as going against its interests.

c) Capabilities. The answers to a) and b) will make it possible to identify areas where adding or replacing US capabilities and equipment will have the most impact and be most urgent. Capability does not imply specific equipment: The existing drive for high tech may need to be balanced with a right tech approach that optimizes quantity and quality of equipment, delivering maximum fighting power.

Any transition from one model to another means an intermediate period in which Europe may face more risks. This especially applies when adding more actors to the defense effort, like those from the EPC that may want to join. Moreover, such an integration will be the phase that Russia will certainly try to use to undermine a new security architecture through hybrid activities and nuclear blackmailing. Thus, the defense and security dimension within the EPC should be front and center at future meetings.

Some countries like Ukraine will be key when it comes to integrating Europe's deterrence and defense efforts. It is a strategic factor for Russia and, with its strategic assets, can help to create strategic dilemmas for Russia. But this would mean massively arming Ukraine.

5. From External Crisis Management to Total Defense for Europe

The EU and Europe also need to deliver a comprehensive or total defense strategy: Preventing the next war will need much more than tanks. The military dimension is essential, but it is only one, and it is organically interwoven with the societies, industries and political systems of the EU and Europe. At least in democratic countries it is inconceivable that armies fight wars without the support and the involvement of society, politics and the economy. Without the will to survive and the acceptance that this is only possible through a collective effort by the relevant groups and stakeholders, the defense of Europe will fail.

This is the background to the growing debate about resilience, preparedness and total defense: All terms refer to activities – whether military, industrial or societal – to prepare European countries and institutions for war, but also for major crises. It therefore combines military defense and civil defense. In the event of a crisis, all social institutions – such as the army, police, parliament, government, transport, local authorities, health system, civil society, entrepreneurs and individuals – would all be mobilized to defend the state, or in this case Europe.¹⁹ This dimension will also play a crucial role in securing the accession process of new members against hybrid threats.

The EU already plays a crucial role in total defense. It has already demonstrated in the geoeconomic realm that it can organize and conduct extreme engagement measures and take

¹⁹ The concept has many facets as well as national variations. See Berndtsson, Joakim, Irina Goldenberg and Stefanie von Hlatky. *Total Defence Forces in the Twenty-First Century*. McGill-Queen's University Press, 2023.

extraordinary steps to respond to Russia's war of aggression. Besides enabling sanctions against Russia and financial aid for Ukraine, the EU is engaging in further transformations. It can therefore build on these experiences.

The EU could grow into a civilian-side provider of total defense: Many critical infrastructures are no longer national but connected across Europe, e.g. energy, digital infrastructures. The EU has the ability to shape its own preparedness and that of Europe as it manages polices and maintains funds that could be used to ramp up resilience and preparedness.

At the same time, such a role needs to be shaped carefully: A) The link between war and the state has not only been established for centuries, it is also constitutive.²⁰ Transferring key elements or responsibilities of this relationship to a new actor is a challenge, especially in times when the state is itself under threat. B) Once competitive considerations come into play through the industrial dimension, the perceived value of the defense industrial sector can impede cooperation. C) The European Commission has no significant strategic-level expertise in this area, nor sufficient knowledge or personnel to manage the nexus between industry-technology-military and politics. D) The total defense agenda is comprehensive, on the one hand, and involves so many stakeholders with vested interests and very special perspectives, on the other. E) The EU has a mixed track record in implementing concepts that deal with inter-ministerial or whole-of-government approaches.

6. Towards Artistic Analysis and Analytic Creation

Analysts analyze – Artists create. What we need is the fusion of creativity and rigor from both professions. What you have read here – or not, because it was too long or too boring – is the work of an analyst. Our DNA is all about evidence and excluding (creative) ambiguity. This rarely generates emotionally positive pictures and visions for the future. But societies need inspiration and especially positive visions and utopic stories. Thus, artists are needed more than ever. They would describe the same landscape differently, with other means. This alone would change insights.

Even more promising would be a crossover between the two professions. The aim would be to enable another awareness and other insights, but also to widen the space of recommendations. What would be crucial are the red lines for evidence and creativity that need to be defined as enabling the context and rules for such an experiment.

²⁰ Finer, Samuel E., State- and Nation-Building in Europe: The Role of the Military, in, Tilly, Charles (ed.), The Formation of National States in Western Europe. Princeton: Princeton University Press, 1975, pp. 84-163.

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Competitiveness Is the Keyword on the EU's Agenda

Thieß Petersen | Lucas Resende Carvalho

I Introduction

Economic power is a crucial prerequisite for political power and the ability to play an influential role in global politics. The indicator most frequently used for measuring a country's economic power is gross domestic product (GDP), i.e. the value of all the goods and services produced in the country over the course of a year. A high GDP therefore means not only a high level of material prosperity, which is the basis for a decent standard of living (good health, high life expectancy, high levels of education, etc.). It is also the material basis for political power, which is needed to play a decisive role in world politics.

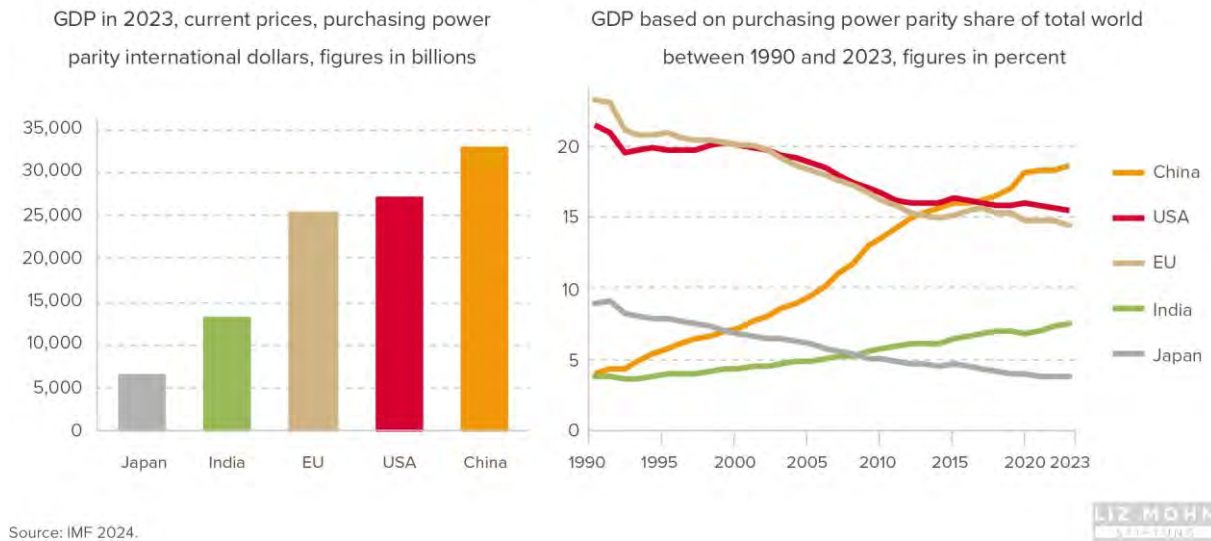
The key determinant of economic power – and a measuring stick for growth and innovation – is an economy's competitiveness. That is what determines whether a country's products are attractive enough in terms of price and quality for them to be purchased by buyers – both at home and abroad. If the products made by domestic enterprises are no longer competitive, domestic production, income and GDP all fall. This reduces the country's economic strength and its ability to shape policy.

The European Union faces a critical juncture as parliament and commission reassemble for the upcoming legislature. Boosting its competitiveness is imperative to ensure sustainable growth and resilience in a rapidly changing global landscape. The EU, traditionally a global economic and political power, now contends with significant challenges such as the green industrial transformation, shifting global trade dynamics, and volatile relationships with both its peers and competitors. To secure its position as a trade powerhouse and global leader, the EU must enhance its competitiveness, which requires a coherent industrial and investment strategy, advancing the EU single market, as well as strengthening global partnerships and trade agreements.

II Point of Departure: Europe under Pressure

For a long time, the Western industrialized nations and Japan were the world's largest economies. However, China's share of global GDP has grown significantly in the last three decades. Looking at GDP in terms of US dollar purchasing power parity – which takes into account that one US dollar purchases significantly fewer goods in an expensive country like Switzerland than in countries with low prices – it becomes clear that China has been the world's largest economy since 2017/2018 (see figure "Shift of Global Economic Power – Asian Emerging Markets are Catching up").

Shift of Global Economic Power - Asian Emerging Markets are Catching up



A main indicator of a country's future economic performance and competitiveness is its demographic development. Two factors play a role here: the size of the population and its age structure:

- A large and growing population means that the economy in question has a large pool of labor at its disposal. This allows for a high volume of economic production overall and, with it, a high GDP.
- Almost more important for a country's economic development, however, is its age structure, e.g. the share of people of working age in the total population. For the purposes of international comparison, individuals between the ages of 15 and 64 are generally considered of working age. If a country has a high and growing share of working-age people, it means it has a large labor supply and, consequently, high production capacity. Moreover, people of working age can accumulate greater savings than pensioners or, of course, children and young people. That means sufficient financial resources are available for companies to take out loans and finance investments and thus expand the economy's overall production capacity. In addition, empirical studies show that the relationship between age, on the one hand, and productivity and innovative capacity, on the other, takes the shape of an inverted U. This means productivity and innovative capacity initially rise as age does, but both then decline as age continues to rise.¹

In terms of how both demographic indicators are expected to develop until 2050, figure "Europe's Population is Shrinking and Ageing the Most" shows that Europe ranks last compared to all other global regions. This fundamentally weakens its economic performance and competitiveness.

¹ Petersen, Thieß. Alterung, Inflation und internationale Wettbewerbsfähigkeit. GED Discussion Paper. Gütersloh, 2020.

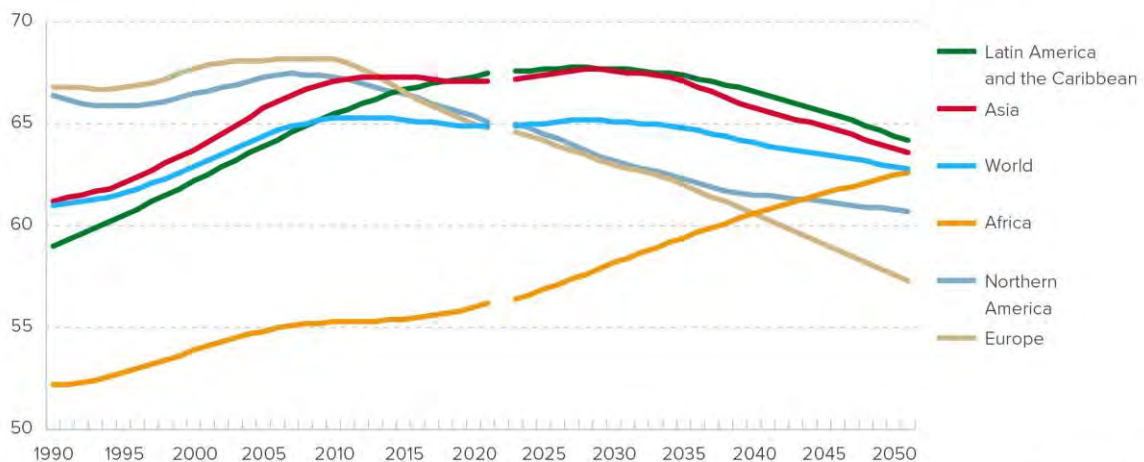
Europe's Population is Shrinking and Ageing the Most

Total Population, as of 1 July (millions)

	2021	2030	2040	2050	Change 2021 to 2050 in percent
Africa	1,393.7	1,710.7	2,093.4	2,485.1	+ 78.3
World	7,909.3	8,546.1	9,188.3	9,709.5	+ 22.8
Latin America and the Caribbean	656.1	697.6	731.8	749.2	+ 14.2
Asia	4,694.6	4,958.8	5,176.1	5,292.9	+ 12.7
Northern America	375.3	393.3	410.6	421.4	+ 12.3
Europe	745.2	736.6	722.5	703.0	- 5.7

Source: UN 2022. Data after 2022 is estimated.

Percentage of 15 to 64-year-olds in the total population



Source: UN 2022. Data after 2022 is estimated.

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Increasing protectionism and deglobalization are also trends that will impact the EU's future economic development. Since the financial and economic crisis began in September 2008, import tariffs have been increasingly imposed and trade barriers erected. It can also be assumed that, in the future, trade relations will no longer be considered only from the standpoint of what is economically advantageous but will be influenced to a greater degree by geopolitical considerations. This means more and more countries will try to achieve political goals by entering into foreign trade relations. In general, the fear is that many economies will increasingly use trade policy instruments to meet their political objectives. In addition to trade tariffs and non-tariff trade barriers, potential instruments here include sanctions, export restrictions, export bans and much more.²

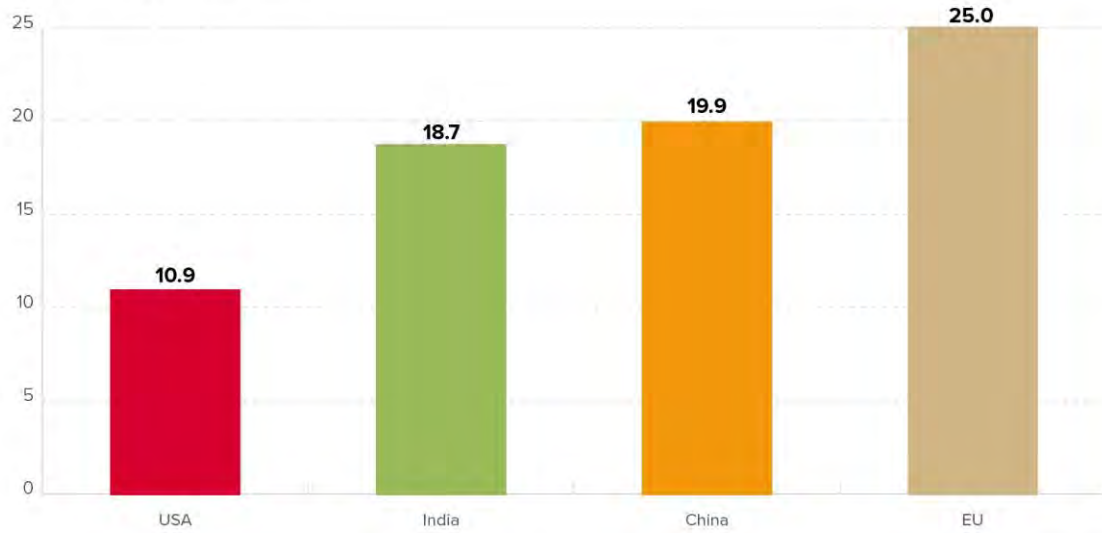
As an export-oriented region with few raw materials, Europe suffers doubly from the trend towards deglobalization. Protectionist measures outside the EU worsen the chances that European companies will be able to sell their goods on foreign markets. And if countries outside the EU limit their

² Görg, Holger and Katrin Kamin. Globalisierung trifft Geoökonomie. In: Wirtschaftsdienst, Vol. 101 (2021), pp. 854–857.

supplies of raw materials and intermediate goods – e.g. chips and semiconductors – it can lead to significant production bottlenecks in the EU. Moreover, disrupted supply chains lead to rising production costs that reduce the competitiveness of European companies. The EU is more affected by such disturbances in international trade since its export ratio (defined as the share of exports in GDP) is greater than that of China, India or the US (see figure “Exports and Imports of Goods and Service”).

Exports and Imports of Goods and Services

Percent of GDP, 2022 or latest available



Source: OECD Statistics and Eurostat, download of data on 6.6.2024. EU data: only extra-EU foreign trade.

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III Objectives of EU Industrial Policy

Free competition is an important prerequisite for productivity and innovation, so ensuring that a level playing field exists in an economic area is crucial. If, however, there is a market failure, a corrective is needed to overcome this failure. Industrial policy can serve as such a corrective. The disruption in global supply chains due to the Covid-19 pandemic is one example of this. In addition, industrial policy is necessary to create and promote new markets, especially when private markets cannot meet public interests.³ In Europe, the overriding public interest has traditionally been promoting research and innovation. Due to the changing global situation, however, the range of industrial policy objectives has recently been expanded. The green transformation, security, and strengthening competitiveness and sovereignty are now the key elements in Europe's industrial strategy.

The EU plans to use various industrial policy programs to make itself fit for the future. First and foremost, it wants to strengthen the resilience of its industries against external shocks such as economic crises, pandemics and geopolitical tensions. In particular, it faces the challenge of reducing its dependence on non-EU countries when it comes to key technologies. The latter include

³ Cimoli, Mario, Giovanni Dosi, Michael A. Landesmann, Mariana Mazzucato, Tim Page, Mario Pianta, Joseph E. Stiglitz and Rainer Walz. Which Industrial Policy Does Europe Need? In: *Intereconomics*, Vol. 50, No. 3 (2015), pp. 120–155.

semiconductors, microprocessors, 5G, artificial intelligence and natural resources such as natural gas and rare earths.

The Critical Raw Materials Act and the European Chips Act are meant to diversify supply chains and ensure technological sovereignty. At the same time, the EU is working on harmonizing and expanding the European energy market. The intention is clear: Supply shortages such as happened with Russian gas are not to be repeated and volatile relationships with China and the US should not prove fatal when it comes to accessing key technologies. Instead, the EU aims to bring the production of key technologies to Europe, and it is establishing clear minimum standards for domestic production. According to the Net-Zero Industry Act, for example, 40 percent of Europe's needs in the area of clean technologies are to be met by EU production by 2030.⁴

The EU is setting industrial policy objectives in the area of defense as well: The European Commission recently proposed the European Defence Industry Programme (EDIP) with the aim of coordinating the European defense industry and related supply chains at the supranational level.⁵

The EU Needs a Common European Industrial Strategy

The Inflation Reduction Act (IRA) in the United States, the Biden administration's largest industrial policy initiative, took the EU by surprise. The EU developed its own strategy, the Green Deal Industrial Plan (GDIP), in response to the IRA. The GDIP's goals are clearly defined, the method behind them less so. The IRA cannot be replicated by the EU for political and institutional reasons. And it need not be, since the EU has its own strengths, which it must mobilize if it wants to create a coherent and common industrial strategy. Achieving that goal, however, will mean overcoming a number of obstacles.

Currently, there is a lack of funding and regulatory competence at the EU level. European industrial programs such as the Important Project of Common European Interest (IPCEI) are worthwhile approaches, but what is missing is financial clout, since too few resources have been allocated to close the huge funding gaps. Until now, the Recovery and Resilience Facility (RRF) has provided the majority of funding for European industrial policy, yet it will expire in 2026 and there are no plans for a successor instrument.⁶

Originally planned by the Commission as a successor instrument, the Strategic Technologies for Europe Platform (STEP, previously proposed a sovereignty fund) only provides for €1.5 billion in

⁴ European Commission. COM (2023) 161, SWD (2023) 68. Brussels, 2023.

⁵ European Commission. A New European Defence Industrial Strategy: Achieving EU Readiness through a Responsive and Resilient European Defence Industry. JOIN (2024) 10 final. Brussels, 2024.

⁶ The RRF, the key instrument in the European recovery package NextGenerationEU, is making approx. €750 billion available to overcome the economic and social consequences of the Covid-19 pandemic and promote sustainable growth. It supports member states in implementing national plans for green transformation, digitalization and structural reforms aimed at fostering long-term resilience and sustainability.

new resources and is therefore, in terms of size, negligible.⁷ This was a missed opportunity to build on the success of NextGenerationEU and create an earmarked, long-term fund for the future.⁸

In contrast, Horizon Europe, the EU's research and innovation funding program which began in 2021 and will run until 2027, has more financial heft given its budget of almost €100 billion. In light of the amounts and considerably greater needs involved, there are still major question marks as to how things are to proceed once the RRF expires. The new Multiannual Financial Framework (MFF), which is to be adopted in the coming year, must provide greater clarity at the latest.

The result of the current situation is that there is a discrepancy between aspiration and implementation in Europe's industrial strategy. Industrial policy is mainly the responsibility of the EU member states as a result. The biggest industrial policy element in the Net-Zero Industry Act, for example, is more of a competition policy measure. In the course of the energy crisis, European competition regulations were loosened, allowing member states to support their ailing economies by providing subsidies and other forms of direct state intervention. It is hardly surprising that the members with the greatest resources made the most use of this option. Germany and France alone accounted for about two-thirds of all industrial policy expenditures under the relaxed framework.⁹ This approach, however, runs the risk of increasing fragmentation in the single market. This is not only economically inefficient due to the untapped potential that results, it also contributes to distortions of competition within Europe.

If the EU wants to remain competitive, it needs an industrial policy strategy that not only focuses on flexibility, but also emphasizes and promotes the potential of all member states. To achieve that goal, the first step must be to strengthen regulatory competence and funding at the European level.

IV The European Single Market: Dismantling Trade Barriers Increases Dynamism, Competition and Productivity

The EU faces enormous economic challenges as it begins its new 2024–2029 legislative period. Economic growth has been sluggish for years, trailing other global powers such as the US. In addition, protectionism and the resulting fragmentation of global trade are putting pressure on the EU's heavily export-dependent economy. These challenges have reignited efforts to drive European integration forward and complete the single market as a way of promoting growth and competitiveness in the EU.

⁷ STEP (Strategic Technologies for Europe Platform) is an EU funding instrument developed to strengthen Europe's technological sovereignty and competitiveness. It aims to promote investment in strategically important technologies, including microelectronics, artificial intelligence, quantum technologies and renewable energy. For more information, see: https://strategic-technologies.europa.eu/index_en.

⁸ Koch, Cédric, Dominika Biegoń, Felix Fleckenstein, Leon Krüger, Jan Philipp Rohde, Lydia Korinek, Lukas Bertram, Carl Mühlbach, Katharina Wiese, Florian Schuster, Lucas Merlin Resende Carvalho. Ein EU-Zukunftsfonds: Warum und wie? Background paper for Netzwerk Progressive EU-Fiskalpolitik. Friedrich-Ebert-Stiftung. Bonn, 2023.

⁹ Cannas, Giuseppina, Sara Ferraro and Koen Van de Castele. The Use of Crisis State Aid Measures in Response to the Russian Invasion of Ukraine. Competition State aid brief, Issue 1/2023 – July 2023.

The need for greater economic integration was recently emphasized by Enrico Letta in his report *Much More than a Market* in March 2024.¹⁰ It is expected that Mario Draghi's report on improving the EU's competitiveness, to be published in July, will underscore this finding.

The single market is the European Union's crown jewel and plays a central role in the European growth model by facilitating the free movement of goods, services, capital and labor among the member states. Since its creation in 1993, the single market has promoted intra-European trade and investment and thus contributed to overall economic growth. It is estimated that the single market has increased growth in the EU by 9 percent.¹¹

Integration of the single market has stalled, however, not least because of legal and political hurdles between the member states. It is therefore not possible to speak of a seamless economic area. Today, the EU is more dependent than ever on a functioning single market. A major challenge in the coming legislative period will be to generate political consensus for greater integration in the common economic area in order to drive the single market forward.

Completing the Capital and Banking Union Can Free Up Private Capital

While a successful industrial policy requires the mobilization of public funds, the EU must also leverage private capital if it wants to fill the massive gaps in the investment that is needed for its transformation. Experts estimate that by 2030, almost €400 billion will be required each year to achieve the current climate targets.¹² These enormous sums cannot be supplied by the public sector alone. A Europeanization of the financial and capital markets is therefore necessary to free up urgently needed private capital. What stands in the way of this, however, is a fragmented financial and banking system consisting of 27 different regulatory regimes. Many member states have no interest in giving up their own system, yet here, as with many sensitive topics, the EU requires unanimity. It would therefore be difficult to implement uniform financial market rules despite the great need for them.

Service Sector Has Greatest Potential in the Single Market

In the area of trade, the single market ensures an almost unrestricted flow of goods. However, this means the potential for further integration in the trade in goods is almost nil. Conversely, trade in services is growing rapidly in the single market – much faster than trade in goods. In value terms, trade in services within the EU was approximately one-third of that in goods in 2012, but had risen to about half by 2022 (see figure “Intra-EU Trade in Goods and Services”). And trade integration in the services sector still offers considerable potential, for example through the reduction of regulatory barriers to entering and practicing an occupation.¹³ The fragmented telecommunications markets (a relic of the 1980s) and energy market are also preventing effective integration in the area of services.

¹⁰ Letta, Enrico. *Much More than a Market. Speed, Security, Solidarity: Empowering the Single Market to Deliver a Sustainable Future and Prosperity for All EU Citizens*. April 2024.

¹¹ Spinaci, Stefano. *Single Market Barriers Report*. European Parliament Members' Research Service, April 2024.

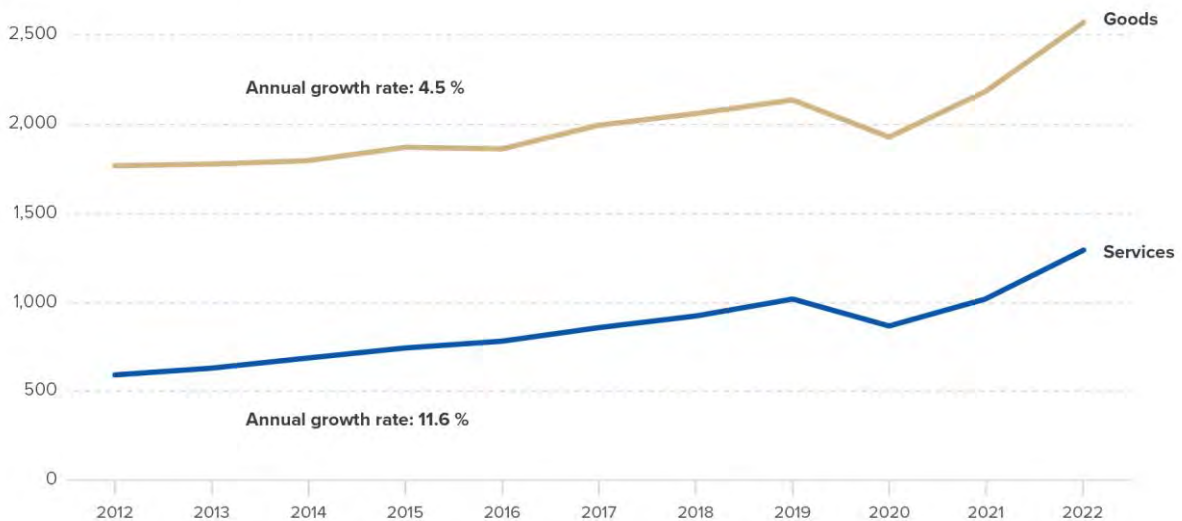
¹² Institute for Climate Economics (I4CE). *European Climate Investment Deficit Report: An Investment Pathway for Europe's Future*. Paris, 2024.

¹³ European Commission. *Annual Single Market Report 2023*. Brussels, 2023.

Yet the EU is already a service-oriented economy, with services now accounting for some 70 per cent of value added in the EU. Reducing existing trade barriers could therefore unleash a great amount of productivity and innovation.

Intra-EU Trade in Goods and Services

billion €



Source: Eurostat.

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Cohesion Is Crucial in the Single Market

The deepening of the single market is the key to more productivity and growth. If the EU wants to increase its competitiveness, greater trade integration is unavoidable. However, dismantling trade barriers also has an impact on disparities between regions and member states. After all, not everyone benefits equally from the European single market. Estimates show that, while more affluent and more central regions in the EU could experience income increases of up to €3,600 per capita, the gains in some peripheral areas could be much smaller at just €150.¹⁴

In addition, the single market for services is leading to a concentration of economic activities in certain geographic locations. So-called agglomeration forces ensure that technologies, knowledge and capital flow out of more remote, rural areas and become pooled in dynamic cities.¹⁵

The EU introduced its Cohesion Policy to reduce these inequalities. The policy is meant to strengthen poorer regions by expanding infrastructure and education, thereby enabling their participation in the single market. Regions that do not benefit from the single market in equal measure must be assisted to ensure cohesion within the market. Without these equalization and empowerment mechanisms provided by EU regional policy, there is a risk of economic and political divergences endangering the stability of the entire EU. Populism and anti-European attitudes are

¹⁴ Bertelsmann Stiftung. Estimating Economic Benefits of the Single Market for European Countries and Regions. Gütersloh, 2019.

¹⁵ Bertelsmann Stiftung. Why Cities Must Drive Growth in the EU's Single Market. Gütersloh, 2024.

the result, especially in regions caught in so-called development traps.¹⁶ The EU's success depends on whether it can generate economic growth and, at the same time, close economic and social gaps.¹⁷

V Trade Policy

The EU's economic development depends, via numerous channels, on well-functioning foreign trade relations. This is true, for example, of European companies and their employees, whose sales opportunities and income are driven by exports; it is also true of the EU's citizens, who depend on imports of energy and other raw materials, and on inexpensive consumer goods. Three economic policy measures are especially relevant if, despite increasing geopolitical tensions, the EU is to have stable and workable foreign trade relations it can leverage 10 years from now.

1. Diversifying Value and Supply Chains through Strategic Partnerships

If global supply chains are being increasingly disrupted and a dependency on supplier countries exists that those countries could exploit to assert their (geo-)political interests, one understandable response is the desire to produce more intermediate goods and end products domestically, in this case in the EU. This should be the policy choice of last resort, however, given the EU's cost disadvantages, since it would result in higher costs and thus a real decrease in prosperity.

What would make more sense is implementing a combination of measures. One could be to diversify suppliers, e.g. by establishing "raw-materials partnerships." Since June 2021, the European Commission has established strategic partnerships of this sort with a number of countries (Canada, Argentina, Chile, Ukraine, Kazakhstan and Namibia) in order to ensure trade and investment in secure raw-materials value chains.¹⁸

Another example is the Minerals Security Partnership (MSP). Established in mid-2022, this partnership is designed to secure access to critical minerals, such as cobalt, lithium and nickel, which are needed for key future technologies, including e-mobility and renewable energies. A number of countries have joined forces here under the leadership of the US, including Australia, Canada, India, Japan, South Korea, various European states (Germany, France, Italy, the UK, Finland, Estonia, Norway and Sweden) and the EU (represented by the European Commission).¹⁹

Partnerships of this sort would also be appropriate for intermediate goods taking the form of individual components, e.g. semiconductors, since the EU currently needs about twice as many chips as it produces itself.

2. Conclusion of New Free Trade Agreements

New free trade agreements could be negotiated to counteract foreign trade relations that are weakening due to increasing protectionism. Ideally, such agreements would be struck with countries that

¹⁶ Rodríguez-Pose, Andrés, Javier Terrero-Dávila and Neil Lee. Left-behind vs. Unequal Places: Interpersonal Inequality, Economic Decline, and the Rise of Populism in the US and Europe. In: *Journal of Economic Geography*, Vol. 23, No. 5 (2023), pp. 951–977.

¹⁷ Zabel, Malte. Die Schere schließen – oder scheitern. In: *Internationale Politik Special 2*, May/June 2024, pp. 56–59.

¹⁸ European Commission. Global Gateway: EU and Chile Strengthen Cooperation on Sustainable Critical Raw Materials Supply Chains. Press release of July 18, 2023. Brussels, 2023.

¹⁹ Maihold, Günther. Die neue Geopolitik der Lieferketten. In: *SWP-Aktuell*, No. 45. Berlin, 2022, p. 8.

share the EU's political values, above all market-based democracies. In addition to North America, suitable partners here are, first and foremost, Japan and South Korea (with whom free trade agreements already exist). Other trustworthy candidates are Indonesia, Malaysia, Vietnam and other countries in the Indo-Pacific region.²⁰

This form of economic partnership is known as “friend-shoring” – a term coined by the US Secretary of the Treasury in a speech in early 2022. This refers to the relocation of value and supply chains to “trusted countries, so we can continue to securely extend market access, [which] will lower the risks to our economy, as well as to our trusted trade partners”.²¹

As attractive as friend-shoring might seem, it also has its limits. This applies above all to the geographic distribution of the globe's raw materials for which no substitutes exist. This is an area where China cannot be ignored. The People's Republic currently mines more than two-thirds of the world's supply of various raw materials, such as gallium, germanium, magnesium, bismuth, tungsten and wollastonite, in addition to rare earths.²² Furthermore, China accesses a large share of the world's raw materials by importing them from other countries. Just one example: The Democratic Republic of the Congo produces about 75 percent of the world's cobalt, 99 percent of which is exported to China.²³

3. International Partnerships as Long-term Investments

Whether or not the forms of international cooperation outlined above can actually be established between the EU and other regions depends largely on the willingness of all the parties involved to collaborate. To increase this willingness, the EU could make financial and technical resources available, but they should be contingent on certain conditions – above all, that the recipient countries enter into closer economic and political ties with the EU. More specifically, the EU could adopt the following measures:²⁴

- The EU could help cover the costs of building efficient infrastructures in less developed economies. In addition to production facilities, this would include transport infrastructure. Joint research and development projects that increase the innovative capacity of all participating countries are another possibility.
- Should the EU conclude free trade agreements with less developed economies, the risk exists for the less developed partners that products from the EU will drive domestic companies out of the market. The EU can counter this threat by immediately opening its markets to the partner countries while allowing those partners to open their own markets to European products gradually. The pace with which a market would be opened to the EU would depend on the partner country's level of economic development.

²⁰ Maihold, Günther. Die neue Geopolitik der Lieferketten. In: SWP-Aktuell, No. 45. Berlin, 2022, p. 4.

²¹ Yellen, Janet L. Remarks by Secretary of the Treasury Janet L. Yellen on Way Forward for the Global Economy. Press Release of the US Department of the Treasury, April 13, 2022. Washington, DC.

²² Sandkamp, Alexander, Vincent Stamer, Falk Wendorff and Steffen Gans. Leere Regale made in China: Wenn China beim Handel mauert. Kiel Policy Brief No. 164. Kiel, 2023, p. 11.

²³ Le Mouel, Marie and Niclas Poitiers. Why Europe's Critical Raw Materials Strategy Has to Be International. Brussels, 2023, p. 5.

²⁴ Wolf, André. Ressourcenpartnerschaften für mehr Rohstoffsicherheit. In: Wirtschaftsdienst, Vol. 104 (2023), pp. 264–268.

The EU can use such investments to achieve two key goals: In the case of raw materials partnerships, it can secure access to urgently needed natural resources. And the joint building of infrastructure along the entire value chain can yield productivity gains that strengthen the EU's economic power. Both objectives justify the use of scarce resources by the EU. At the same time, it is necessary to consider that the costs of such cooperative efforts are incurred immediately while their advantages only accrue later. This might make it more difficult to generate acceptance for such undertakings politically, but they should be seen as a worthwhile investment in the future all the same.

VI Conclusion: Priorities for Strengthening the EU's Competitiveness in the Current Legislative Period

1. Establishing a European Industrial Strategy

- Develop and coordinate a comprehensive industrial strategy at the supranational level
- Jointly fund measures to prevent distortions of competition and fragmentation in the single market
- Ensure industrial policy instruments are available for all member states, along with targeted support for weaker regions
- Strengthen cooperation and transnational programs such as the Important Projects of Common European Interest (IPCEI)
- Promote closer collaboration and intensified coordination between national and European authorities
- Strengthen Europe's fiscal capacity, e.g. in the form of a transformation fund to promote decarbonization and digitalization
- Drive forward research and innovation, especially through the Horizon program
- Develop of a coordinated defense and armaments strategy to strengthen the EU's strategic autonomy

2. Completing the Single Market

- Further develop the capital market and banking union so private capital can be leveraged to close investment gaps, especially in the area of climate targets
- Integrate the market for services in order to tap major economic potential
- Standardize national legislation and harmonize national regulations in the areas of licensing, local insurance requirements, public procurement, consumer protection and tax law
- Reduce bureaucratic hurdles and create a business-friendly environment through greater predictability and flexibility
- At the same time, strengthen cohesion policy to reduce fragmentation and regional disparities

3. Strengthening Economic Cooperation with Other Countries through Strategic Partnerships and New Free Trade Agreements

- Enter into international partnerships as long-term investments
- Diversify value and supply chains to increase the stability and resilience of Europe's economy
- Promote technological innovation and access to new markets through international partnerships

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Navigating Complexity: Pathways for EU Governance amid Internal and External Challenges

Daniela Schwarzer

I Introduction

As global power relationships and structures of the international and regional orders are changing, improving the European Union's (EU) governance has once again become a top concern. This applies to the EU internally, as current EU governance, i.e. its "rules, procedures and practices that relate to the way powers are exercised,"¹ is only partially suitable to address the severe challenges the Union faces. These challenges range from a massive war on the European continent and the potential (partial) withdrawal of the United States (US) from guaranteeing European security; from increased vulnerability and economic coercion to a significant lag in the global tech competition and the race for clean energy. Coping with these challenges is complicated by poor productivity dynamics, limited fiscal space due to high public debt and adverse long-term demographic trends. Collectively, these factors contribute to Europe's relative decline on the global stage.

Better governance alone cannot of course not resolve these challenges.² But it is a crucial element for enhancing the EU's capacity to act. In order to manage these challenges effectively, the EU must become more responsive in a fast-moving environment, protect the rule of law, govern European public goods more efficiently and improve the legitimacy of decision-making.

Governance questions also arise externally in the EU's relationship with other countries on the European continent. Governance in the sense of "institutionalized modes of coordination through which collectively binding decisions are adopted and implemented"³ applies mainly to the European Free Trade Association (EFTA) countries. But as geoeconomic and geopolitical threats grow, new modes of cooperation are being tested, both with accession candidates and with others who have no intention to join the EU.

Thus, 20 years after the last Treaty negotiations, the "big questions" of European integration are back on the agenda: How can decision-making and implementation capacity be improved? What should the future size of the EU be as enlargement is again considered the most effective way to stabilize the EU's neighborhood? And how should the political architecture be redesigned beyond the EU to deal with the increasing challenges the continent is facing?

The uncomfortable truth for the European Union is that the world around Europe and the political landscape within Europe are going to change further, and the stability of the European integration project is not assured. If the EU does not adapt to the external and internal constraints, it is unlikely that it will persist as we know it today.

¹ European Union. (2024). Summaries of EU Legislation. Glossary of summaries.

² For a closer examination of challenges in the domains of European security and competitiveness see Mölling as well as Carvalho & Petersen in this volume.

³ Börzel, Tanja, Yasemin Pamuk and Andreas Stahn. Good Governance in the European Union. Berlin Working Paper on European Integration No. 7 (2008), p. 6.

II Flexibility on the Rise

Substantial changes to the governance of the EU require Treaty revisions, which are a heavy political lift as they may entail a Convention, Intergovernmental Conferences and national referenda. The political appetite for Treaty revisions within the EU is consequently low. Opponents point out that negotiations on EU primary law are likely to fail due to significant divergences between Member States, or because it may not be possible to limit negotiations to selected issues. A widespread concern is therefore that starting Treaty negotiations would be akin to opening a Pandora's Box, with little chance of reaching a broader agreement. And even if a compromise is found, the results of negotiations might fail to gain approval in national referenda, as was the case with the European Constitutional Treaty in France and the Netherlands in 2005.

1. Crises Handled, Treaties Unchanged

The alternative is to rethink governance in the EU in a more flexible manner. Interestingly, during multiple crises in the recent past, the EU has evolved in a subtle yet efficient way, inventing new instruments to handle joint challenges that were previously unaccounted for. For example, in response to the global financial crisis of 2007–2008, which severely impacted the real economy, the financial sector and endangered the very existence of the monetary union⁴ – new funding instruments and governance mechanisms to manage sovereign debt and banking crises were put into place. The International Monetary Fund was deeply involved in some phases as a crucial external player in the Troika, along with the European Commission and the European Central Bank.

A second example is the Covid-19 pandemic, which put the functioning of the Single Market and the economic and social balance within and between Member States to a severe test.⁵ It exposed the fragility of an arrangement that promotes the free movement of people across borders but has no trans-European instrument in place to manage a cross-border health emergency. In response, information sharing and measures such as a joint vaccine procurement platform were implemented, even though the EU Treaties do not grant the European Commission any supranational or even coordinating competence in this area. Moreover, upon the initiative of France and Germany, the EU launched the NextGenerationEU recovery plan designed to get the EU out of the Covid economic slump by supporting the green and digital transition, marking the first instance of EU Member States collectively borrowing from financial markets in such substantial amounts.

Even more fundamentally, Russia's invasion of Ukraine since 2022 and its interventions in various European states pose the most serious threat to European security since World War II, causing a European energy crisis and exposing significant weaknesses in EU defense capabilities.⁶ In response, the EU has coordinated national energy plans, started joint gas purchases, and launched joint programs to aid Ukraine.⁷ It has accelerated efforts to enhance the EU's strategic autonomy

⁴ Schwarzer, Daniela. *Final Call: Wie Europa sich zwischen China und den USA behaupten kann*. Frankfurt/New York: Campus Verlag, 2021, pp. 59-108.

⁵ Ibid.

⁶ Schwarzer, Daniela. *Krisenzeit: Sicherheit, Wirtschaft, Zusammenhalt – Was Deutschland jetzt tun muss*. München: Piper Verlag, 2023, pp. 23-25.

⁷ Leigh, Michael. *New approaches to EU governance and enlargement*. Geopolitical Intelligence Services (November 3, 2022).

and defense posture, including increased defense spending and deeper collaboration among Member States on security and energy resilience.⁸

These crisis-driven measures were implemented within existing governance structures, often through flexible interpretations of Treaty provisions and (over)reliance on exceptional measures like the “emergency Article” 122 TFEU, significantly reducing involvement of the European Parliament (EP).⁹ Some initiatives started out as governmental initiatives, not necessarily involving all 27 EU countries, and were only later fully integrated into EU law.

2. Unsustainable Status Quo

All in all, the European Union demonstrated flexibility during times of crisis. But as important as quick fixes are in times of particular pressure, they also risk diverting attention from longer-term solutions to governance problems. For instance, the temporary increases in the EU budget under NextGenerationEU provided essential support during the pandemic, but the rigidity of the Multiannual Financial Framework (MFF) and the broader challenges of revenue instability and budgetary constraints remain. Thus, structural deficiencies such as long and cumbersome decision-making processes or an inflexible EU budget were left unaddressed.

However, although political risk aversion related to Treaty change continues to influence Member State governments’ reluctance to pursue more substantial reforms, recent internal and external developments have prompted many to reassess this stance. There is growing recognition that the risk of leaving the current EU governance unchanged is increasing, and that now is the time to address deeper, systemic issues for the EU to remain a significant player on the global stage. Especially with a view to the perspective of an enlarged EU with up to 35 Member States, there is a strong case for institutional reform through Treaty change.¹⁰

The following sections delve deeper into the key drivers that render the current system increasingly unsustainable before discussing three potential scenarios for how EU governance might evolve over the next five to ten years.

III Drivers of Change

1. Geopolitical Shifts and EU Enlargement

The most fundamental challenge is to adapt **the current model of EU governance to the new geopolitical reality on the European continent and beyond**. Russia’s President Putin has undermined the European collaborative security order and has driven Europe into a new reality characterized by war and conflict. Most European governments and institutions recognize that the threat posed by Russia’s war extends well beyond Ukraine to other European and EU countries through hybrid attacks, and possibly even further military intervention, with former Soviet republics potentially becoming targets. This includes the Baltic EU Member States, as well as enlargement candidates Georgia and Moldova, where Russia is exerting influence to prevent further Western integration and the strengthening of liberal democracy.

⁸ European Defence Agency. Defence Data 2022: Key findings and analysis, Belgium: European Defence Agency, 2023, p. 4; Schwarzer, Krisenzeit, pp. 95-99

⁹ Chamon, Merijn. The rise of Article 122 TFEU. In: Verfassungsblog (February 1, 2023).

¹⁰ For a detailed analysis of reform needs see Franco-German Working Group on EU Institutional Reform. Sailing on High Seas: Reforming and Enlarging the EU for the 21st Century (September 18, 2023).

Enlargement Back on the Agenda

As a consequence of Russia's growing threat and other external influences on the continent, EU enlargement has gained fresh momentum. Geopolitical shifts have heightened pressure on the European Commission and Member States to move ahead more decisively with enlargement, which has emerged as a key tool for stabilizing the EU's neighborhood amid intense geopolitical competition.¹¹ It has become clear that if the EU does not adopt a more proactive role in its Eastern and South-Eastern neighborhoods, regional conflicts may intensify. Besides Russian interference, there is also a risk of increased Chinese influence, which has grown significantly in the EU's neighborhood, particularly in the Western Balkans, most notably in Serbia.¹² Moreover, irrespective of who wins the US elections in November 2024, the US expects the EU to do more for security in Europe's East, as the major security concern for the US has long been China. In response to these pressures, the EU has not only reaffirmed its commitment to the long-stalled accession of the Western Balkan countries but also formally initiated accession negotiations with Ukraine and Moldova in June 2024,¹³ bringing the total number of candidate countries approved for accession negotiations to seven.¹⁴ Moreover, on French initiative, it has launched the European Political Community, as a continent-wide gathering of Heads of State and Government to deal with the most pressing cross-continental issues like energy, security and migration.

While the accession of up to eight new members¹⁵ and more than 55 million citizens is geopolitically important, it poses significant challenges for EU governance. Even today, the EU struggles to reach swift and unified decisions, and geopolitical divisions are increasingly becoming apparent within the EU. Adding more veto players without adapting the governance structure risks further undermining the Union's capacity to act. Recent examples that underscore these challenges include the repeated difficulties to reach consensus on sanctions against Russia¹⁶ – where countries like Hungary repeatedly blocked approval of EU restrictive measures – and the divisions and inconsistencies in the EU's initial response to the Israel-Hamas war.¹⁷

EU Governance amid a Shifting Global Order

With the rules-based international order under pressure and autocracies such as Russia and China collaborating to reshape the global order structures on which the EU was built, the EU's lack of cohesion and capacity to act places it in a difficult position. In the past, strategic advances by both China and Russia have revealed how the EU's fragmented decision-making process hampers its ability to form and uphold a unified stance. For example, Hungary's blocking of an EU statement

¹¹ Schwarzer, Daniela. The EU put to the test: fast forward, catching up or lagging behind? In: Grevi, Giovanni (ed.). *Forging Europe's Leadership: Global Trends, Russian Aggression and the Risk of a Regressive World*. Brussels: Foundation for European Progressive Studies, 2023, pp. 92-106.

¹² Zubaľova, L'ubica, Kristina Drieniková, Livia Ujlaky and Eva Mária Durcekova. The European Union and China Trade Presence in Serbia. In: *Journal of Liberty and International Affairs*, Vol. 9, No. 3 (December 26, 2023), p. 370.

¹³ European Commission. Statement by President von der Leyen on opening accession negotiations with Ukraine and Moldova, via video message (June 25, 2024).

¹⁴ These include Albania, Bosnia and Herzegovina, Moldova, Montenegro, North Macedonia, Serbia, Ukraine. Accession negotiations with Türkiye are frozen.

¹⁵ Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, Ukraine.

¹⁶ Müller, Patrick and Peter Slominski. Hungary, the EU and Russia's War Against Ukraine: The Changing Dynamics of EU Foreign Policymaking. In Wiesner, Claudia and Michèle Knodt (eds.). *The War Against Ukraine and the EU*. Cham: Palgrave Macmillan, 2024, pp. 111-131.

¹⁷ Tocci, Nathalie. Europe's chaotic response to the Israel-Hamas war reveals how weak it is – to its enemies' delight. In: *Guardian* (October 30, 2023).

condemning China's crackdown on democracy and human rights in Hong Kong¹⁸ exemplifies the EU's difficulties in managing foreign influence in its Member States, especially given the recent deepening of economic and cultural cooperation between China and Hungary.¹⁹ If the EU fails to address its governance deficiencies, it will be unable to play a significant role in shaping the emerging new international order, which is likely to be less rules-based and therefore more politically volatile.²⁰ This challenge will be further exacerbated if Donald Trump is elected for a second term as US President in November 2024, likely leading the US to distance itself from the liberal democratic world order.

2. The Rise of the Far Right

Secondly, the increasing power of far-right parties in both Member State governments and the EP presents new risks for EU governance, particularly concerning the foundational principles of democracy and the rule of law, which are integral to the EU's institutional and legal framework. The recent EP elections brought significant gains for far-right forces and their high-profile wins in some Member States have even sparked political instability at the national level, highlighting a previously unseen direct impact between European and domestic politics.

National Ripple Effects

Most dramatically, in France, where the far-right Rassemblement National (RN) won over 30 percent of the European vote, the results prompted President Emmanuel Macron to call for new parliamentary elections²¹ – a high-risk move that, while not resulting in the worst-case scenario of an RN-led government, has nonetheless backfired.

The mobilization against the RN, which many expected to secure an absolute majority, enabled the left-wing coalition New Popular Front to achieve victory in the second round, with Macron's liberal Ensemble coalition finishing second.²² Although the extreme right finished in third place, they saw their seat count rise from 88 to 143, underscoring their transformation into a prominent mainstream force, with more than 10 million votes²³ compared to 4.2 million²⁴ in 2022. It is thus no surprise that the RN leadership remains confident in eventually securing the presidency in 2027.

¹⁸ Von der Burchard, Hans and Jacopo Barigazzi. Germany slams Hungary for blocking EU criticism of China on Hong Kong. In: Politico (May 10, 2021).

¹⁹ Ministry of Foreign Affairs of the People's Republic of China. Joint Statement Between the People's Republic of China and Hungary on the Establishment of An All-Weather Comprehensive Strategic Partnership for the New Era (May 9, 2024).

²⁰ For detailed analysis, see Schwarzer, Krisenzeit, p. 245.

²¹ Varma, Tara. The European Parliament elections have upended French politics. Brookings Institution (June 12, 2024).

²² Le Monde in English. French elections: Left wins most seats, ahead of Macron's coalition and far right. In: Le Monde (7 July 2024).

²³ Lesage, Charlotte. Résultats législatives 2024: Pourquoi le RN a obtenu plus de voix mais moins de siège que le NFP. In: BFMTV (July 8, 2024).

²⁴ Monod, Olivier and Julien Guillot. Data du jour: Législatives 2024: l'évolution en nombre de voix depuis la dernière présidentielle. In: Libération (July 2, 2024).

Largest-ever Far-right Faction in EP

At the same time, the French RN is set to lead the newly formed Patriots for Europe (PfE) alliance in the EP.²⁵ With 84 Members of the European Parliament (MEPs) from 12 Member States, this alliance constitutes the third-largest parliamentary group, surpassing the liberals and following conservatives and socialists. Moreover, the European Conservatives and Reformists (ECR), led by Giorgia Meloni, hold 78 seats, while another newly established far-right bloc, Europe of Sovereign Nations, led by the extreme-right Alternative for Germany (AfD) adds another 23 MEPs to the far-right tally.²⁶

Overall, the far right is bound to have a major impact on EU governance until at least 2029. Ideologically, there is significant common ground between the three far-right groups, particularly on issues like national sovereignty and skepticism towards further EU integration. However, there are also notable divides between ECR and PfE, particularly concerning relations with Russia and support for Ukraine. Additionally, just shortly before the European elections, the relationship between AfD and RN, as well as the broader Identity and Democracy (ID) group to which both parties belonged during the previous legislature, significantly deteriorated, resulting in the expulsion of AfD from the ID group.²⁷

Despite these internal divisions, the substantial size of both PfE and ECR will allow them to secure influential committee positions. They will be crucial in setting the legislative agenda and determining the direction of EU laws on contentious matters such as climate and migration. From a governance perspective, however, the most concerning threat relates to the EU's fundamental values. Some Member States have long been questioning these, particularly the rule of law, even before the last EP election.²⁸ These actors have now been further strengthened by the increased representation of far-right MEPs, who can undermine the Parliament's ability to act decisively on rule of law issues by, for example, blocking or diluting resolutions aimed at addressing rule of law violations or obstructing the initiation or progression of the Article 7 TEU procedure, which allows the EU to address serious breaches of its fundamental values and potentially suspend voting rights.

Rising Far-right Influence in the European Council

The far right is also growing in other EU institutions, such as the European Council (EUCO) and the Council of Ministers. Currently, seven out of the 27 Member States are either governed by or have governments supported by radical right parties. This includes Finland, Hungary, Italy, Slovakia, Sweden, and more recently, the Netherlands and Croatia, accounting for about a quarter of EUCO governments. Additionally, if the far-right Freedom Party performs as anticipated in the upcoming Austrian national elections,²⁹ the number of governments with radical-right influence would increase to eight.

²⁵ Wax, Eddy. Patriots for Europe becomes EU parliament's 3rd-largest group, picks Jordan Bardella as president. In: Politico (July 8, 2024).

²⁶ European Parliament. 2024 European election results.

²⁷ Von Pezold, Pauline, Eddy Wax and Nicholas Vinocur. Far-right ID group expels Alternative for Germany. In: Politico (May 23, 2024).

²⁸ European Commission. 2022 Rule of Law Report. Luxembourg, 2022.

²⁹ Murphy, Francois. Austrian far right says EU vote win gives it momentum for national race. In: Reuters (June 9, 2024).

So far, this group of eight countries does not meet the criteria for forming a blocking minority under Qualified Majority Voting (QMV), which must consist of at least four Member States representing at least 35 percent of the EU population. Their combined population reaches just about 27 percent. More importantly, however, the eight countries do not perceive themselves as a cohesive group. Indeed, not even the anticipated synergy between Hungary and Slovakia, which many had expected to mirror the prior Hungary-Poland dynamic, has really materialized. Their lack of alignment was particularly evident in their differing stances on supporting Ukraine.³⁰

However, the collective of EU governments led or supported by the right wing could receive a significant boost if the extreme-right RN were to win the French Presidency and Parliament in 2027. With a major Member State like France joining the bloc, the group would exceed the required population threshold for attaining a blocking minority. Although this scenario is several years away and there is uncertainty regarding both the composition of other future governments and whether such a bloc would collaborate effectively, it is crucial to anticipate its impact on EU governance. If a cohesive group of countries, rather than just one or two, were to disregard the rule of law or challenge the supremacy of EU law, this could fundamentally threaten the Single Market, the EU's structure and stability, potentially pushing the Union beyond the tipping point.

IV Three Scenarios for EU Governance

Given internal and external challenges alike, arguments for reforming EU governance are as strong as the obstacles that may slow down or even hinder the EU's reform capacity. The following section discusses three scenarios for the evolution of EU governance over the next five to ten years.

1. Widening and Deepening

The most ambitious scenario is that the EU succeeds in combining enlargement and internal reforms, while candidate countries address their national governance shortcomings. This scenario assumes a linear development of EU integration: Previous rounds of enlargement were prepared by major adaptations of the EU treaties, such as the Maastricht, Amsterdam, Nice, and Lisbon Treaties, which enhanced the EU's ability to function with more members.

The combination of deepening and widening the EU is at the heart of the vision outlined in the European Council's Granada Declaration of October 2023,³¹ which links possible upcoming enlargements to internal reforms. These efforts were spearheaded by the two largest EU Member States, France and Germany, which tasked an independent Franco-German expert group to develop proposals to make the EU ready for enlargement by 2030.³² Part of the proposed reforms can be implemented based on the existing Treaties. Yet a more ambitious reform that truly tackles the structural weaknesses of the current governance system would require Treaty reform.

In a reformed "EU fit for 35," decisions in the Council of Ministers could be made by QMV across all policy areas, except for foreign, security and defense policy, while the European Commission would be reorganized (without Treaty change) to work efficiently with 35 Commissioners. The EU would protect the rule of law principle far more effectively, including through a strengthened Article

³⁰ Ehl, Martin. Walking the tightrope: Orban, Fico, and the future of central European diplomacy. European Council on Foreign Relations (January 9, 2024).

³¹ European Council. The Granada declaration (October 6, 2023).

³² Franco-German Working Group on EU Institutional Reform. Sailing on High Seas: Reforming and Enlarging the EU for the 21st Century (September 18, 2023). The author was co-rapporteur of the group.

7 TEU, which could be activated by a four-fifths majority in the European Council, replacing the previous requirement of unanimity minus one. Moreover, there would be full rule of law conditionality for the EU budget, meaning that all EU funds would be contingent upon adherence to fundamental principles. The EU budget would be reformed to address top political priorities in a changed geopolitical and geoeconomic context, becoming larger to effectively promote European public goods, more flexible and aligned with the five-year institutional cycle rather than the current seven-year cycle. Additionally, defining the priorities for the EU going forward would involve decisions to deprioritize certain activities, including a critical review of potential overregulation hampering European competitiveness. To ensure democratic sustainability, in addition to providing better output, the EU would also strengthen its input legitimacy by introducing more participatory instruments at the EU level, encouraging similar efforts within Member States, and promoting greater transparency and the fight against corruption.

In the present political climate, the scenario of preparing enlargement through a major Treaty reform is very difficult to implement politically. This is partly due to the diminished capacity of even France and Germany to agree on concrete steps and to drive change, let alone implement reforms, within the EU, as both face domestic constraints. This situation is compounded by the surge of far-right parties at the EU and national levels, which oppose any further pooling of sovereignty at the EU level. In fact, even if there was consensus in the European Council, far-right factions could leverage national referenda to obstruct the ratification process, making substantial governance changes unlikely in the short to medium term.

2. An Internally More Differentiated EU

A more pragmatic and thus more likely scenario is that of an internally more differentiated EU. Rather than pushing forward with extensive Treaty changes and deep governance reforms, this scenario sees the Union advance in smaller, more homogenous and aligned groups of Member States. In practice, this involves flexible frameworks within which willing or ambitious countries move ahead in specific issue areas, while other Member States have the option to join at a later stage or can choose not to participate at all.

A more deeply integrated core within the EU is expected to take shape, with Germany and France likely at the helm – at least under their current political leadership. However, both countries could experience political changes, with Germany potentially seeing a new leadership by 2025 and France by 2027 at the latest.

In fact, the EU already has a variety of instruments to enable differentiation among its Member States.³³ Article 20 TEU outlines enhanced cooperation, which allows a subset of Member States to advance in specific areas based on the existing EU treaties. Others can join the enhanced cooperation at any time, provided they accept the terms already agreed upon by the participating countries.

Additionally, there are possibilities for smaller groups of Member States to create new arrangements that are not covered by the existing EU Treaties. A case in point is the European Stability Mechanism (ESM) Treaty a so-called supplementary reform treaty, which was signed on February 2, 2012 among just a subset of EU Member States, namely the Eurozone members, to provide

³³ For a detailed analysis, see Franco-German Working Group, *Sailing on High Seas*, p. 33.

financial assistance to Eurozone countries facing severe financial difficulties. Non-Eurozone Member States were not part of the ESM and did not have the same financial commitments or benefits associated with it.

A similar supplementary treaty could be employed if a Convention fails or if there is a ratification deadlock during the ordinary treaty revision procedure, or if consensus on a comprehensive reform and enlargement treaty proves impossible.³⁴ Importantly, such a treaty does not replace existing EU laws but builds upon them.

In fact, such a supplementary treaty could even introduce QMV in areas where unanimity is currently required, with participating Member States agreeing to use their veto rights only under specific conditions, such as with at least one other Member State. Additionally, it could enable modifications to the EU budget, establishing separate budgets for states that opt into the new arrangement while maintaining a distinct budget for non-signatories.

However, this approach has limitations, notably its potential to further complicate the EU's legal system by creating a "core EU" with distinct rules compared to the broader EU framework.³⁵ Managing the interaction between obligations under the Lisbon Treaty and those under the supplementary treaty would be complex.

Nevertheless, given the current political climate, an internally differentiated EU appears to be the most plausible path forward. With so many critical developments putting pressure on the EU and its members, waiting for unanimous agreement among all 27 or more countries could become irresponsible. A key question will be how Member States will put more differentiated integration into practice and what impact this will have on the EU's future. Done well and with involvement of the EU institutions, it can improve resilience without undermining the achievements of integration.

3. Creeping Repatriation of Competencies, and Less Integrated EU

In a third scenario, the EU would become more fragmented, and competencies could be progressively reclaimed by Member States. This shift would weaken the EU's central authority and result in a gradual retreat from European integration. As outlined above, the drivers of such developments include the surge of far-right forces within Member State parliaments and governments, as well as an increased presence of Eurosceptic and nationalist MEPs in the European Parliament.

As a consequence, EU institutions would be weakened, with a shift towards more intergovernmental cooperation rather than supranational EU governance. For instance, a weakened European Commission might initially propose fewer legislative initiatives and, over time, struggle to advance ambitious policies across critical areas such as the green and digital transition. Additionally, as the guardian of the Treaties, a constrained Commission would find it challenging to enforce compliance with EU laws among Member States. This could result in inconsistent application of EU law and, more critically, a gradual erosion of respect for the supremacy of EU law over national law.

In this fragmented EU, the challenges of collective decision-making would grow immensely, potentially resulting in a patchwork of national policies that could contradict each other. Inconsistencies in the application of rules and regulations would disrupt cross-border trade. The EU's capacity to

³⁴ Ibid., p.32.

³⁵ Ibid., p.33.

present a unified stance on the global stage, let alone in negotiations with non-EU countries such as for trade agreements, would be compromised, affecting its overall stability and influence. The single market and the Euro could break apart with tremendous economic costs in particular for the most open economies.

Currently, this disintegration scenario seems less probable, given that pro-European majorities hold in both the European Council and the EP. However, this balance could change over time, potentially altering the trajectory of European integration. Crises that threaten key achievements of integration, such as the single currency or the Single Market, could accelerate this process if the changing political landscape restricts the EU's capacity to manage emergency situations.

Additionally, external factors could exacerbate this scenario. For instance, if Donald Trump were to return to the White House for a second term, his administration might strategically prioritize partnerships with rogue Member States, such as Hungary, which could deepen divisions within the EU. Given that individuals closely associated with Trump were involved in the success of the Brexit campaign, a similar influence could be exerted to increase fragmentation within the EU by swaying other countries regarding their relationship with the EU.

V Conclusion

The big questions are back on the European agenda: Amid radical ruptures in the geopolitical landscape, the EU is reassessing its geography, security, competitiveness and political architecture. As the Union grapples with severe challenges both internally and externally, in the new European legislative term, it is more crucial than ever that the EU delivers for its citizens and provides a business environment conducive to innovation and competitiveness. Delivering includes, of course, concrete policies to, for instance, close gaps where Europe lags behind and to enhance resilience, deterrence but also partnerships in areas of vulnerability or dependence. Other contributors to this volume have highlighted what this means for the domains of security and economic competitiveness.³⁶

However, adapting increasingly unsustainable governance mechanisms, which have already proven or will soon prove to be inefficient in addressing new challenges, such as potential enlargement, a more contentious international environment and the surge of far-right and nationalist forces within Member States and the EP, will be crucial too. If the EU's rules, procedures and practices are not reformed and EU governance becomes increasingly incapable of meeting the new harsher surrounding conditions, the EU as we know it today is unlikely to persist over the next five to ten years.

The more extreme scenario envisions a gradual retreat from integration, with Member States reclaiming powers and weakening the EU's central authority. Driven by rising Euroscepticism and nationalism, this would result in a less cohesive and effective Union. While this scenario has a moderate probability given prevailing political and public sentiments across Europe, a partial withdrawal of some countries cannot be excluded, in particular if the EU decides to defend its core principles more forcefully against governments that undermine them and seek geopolitical alignment with international players at the price of alienation from the EU.

³⁶ See Mölling, as well as Carvalho & Petersen in this volume.

The second scenario under the condition of unchanged European governance involves a more differentiated EU, where groups of Member States pursue deeper integration in specific areas while others join later or opt out. This scenario appears more probable in the current political climate, as it avoids the complexities of unanimous Treaty changes but nevertheless allows pioneer groups to advance integration efforts in particular fields, even if not all Member States are on board.

Finally, there is a scenario that highlights what could be possible if the EU and its members manage to reach consensus and build majorities on ambitious governance reforms involving Treaty change. This would allow a simultaneous pursuit of both deepening and widening, i.e. combining enlargement with internal reforms that streamline decision-making and improve efficiency. However, political instability, diverging views among governments on the future of the EU and weakened leadership capacity in key Member States like France and Germany, make this scenario unlikely in the near term. A more flexible approach of developing the EU is thus likely to be adopted, but it will only succeed if the basic rules and institutions of European integration are respected.

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The European Union's Role in an Ambiguous Future

Seán Cleary

I A Plethora of Ambitions and Catalogue of Proposals

The European Union is a remarkable construct, blending economic, geostrategic, political and socio-cultural needs and aspirations into an enticing cocktail that constitutes the most effective form of transnational governance yet achieved. Like any human artifact, it is not perfect, and disputes about its scale and scope, reach and coherence have both defined its history, and will shape its future. The policy disputes between the UK's Prime Minister Margaret Thatcher and Commission President Jacques Delors after the creation of the Single Market in 1986, which Mrs. Thatcher strongly supported, saw President Delors' federalist aspirations sharpen Mrs. Thatcher's reluctance to engage in institutional and political convergence.¹ Her *Bruges Speech* of September 20, 1988, summarized her position starkly: "We have not embarked on the business of throwing back the frontiers of the state at home, only to see them reimposed at a European level, with a new European super-state exercising a new dominance from Brussels."²

This tension, and the Conservative Party's growing "Euroscepticism" in the decades thereafter, led to Britain's withdrawal from the European Union in 2016, more than a decade after the failure of the European Constitution, signed in 2004 by 25 Heads of State, but not ratified by all national parliaments. The rejection of the Constitution in referenda in France and the Netherlands in 2005 led to a "period of reflection."³ Eventually, many of the constitutional provisions were incorporated into what became the *Lisbon Treaty* on its signing in Lisbon on December 13, 2007.⁴

Perhaps the most ambitious compendium of proposals for the agenda of the European Commission, Council and Parliament has been compiled by Maria Demertzis, André Sapir and Jeromin Zettelmeyer at Bruegel. In a memorandum to the European leaders, noting the Union's success in the past five years in navigating the crises around COVID-19 and the spike in energy prices and in inflation, their proposals for the next five years are to continue to support Ukraine, reinvigorate EU growth,⁵ meet the 2030 climate targets and the 2040 goals, and secure faster global emissions reductions. Social cohesion must be restored and EU external security improved, while deepening the single market in the areas which will promote the highest growth, curb regulatory excess and make EU regulation more growth-friendly; improve the governance, mission and funding of support

¹ Sowels, Nicholas. De La «Théatrisation De l'Europe» Au BREXIT. In: *Revue Française de Civilisation Britanique*, Vol. 24, No. 4 (2019).

² Margaret Thatcher Foundation. *The Bruges Speech*. Bruges: September 1988. <https://www.margaretthatcher.org/archive/Bruges>, [retrieved July 9, 2024].

³ Wintour, Patrick. *EU Scraps Timetable For Ratifying Constitution*. In: *The Guardian*, June 17, 2005, [retrieved July 9, 2024].

⁴ <https://www.europarl.europa.eu/factsheets/en/sheet/5/the-treaty-of-lisbon>, [retrieved July 14, 2024].

⁵ Lang, Nikolaus, Marc Gilbert, Johan Öberg, Emil Stamp, Mikko Tynkkynen, and Tim Figures. *Toward Open Strategic Autonomy: How European Leaders Should Adapt to an Increasingly Uncertain World*. In: BCG, July 2024. https://www.bcg.com/publications/2024/toward-open-strategic-autonomy?utm_campaign=none&utm_description=ealert&utm_topic=none&utm_geo=Global&utm_medium=email&utm_source=esp&utm_content=Jul%2011,%202024&mktNoTrack=1&mkt_tok=Nzk5LUIPQi04ODMAAAGUQOHjiTgigwBu92TnXzsBhGr3J-fQ-DCyrVDq_T9nRNGitVJ5NGgtTfla_hlbck92GlyZixzDqyOzC8KCpXsaNVmFz9GKoJM-oZTvMfx2oX1e, [retrieved July 11, 2024].

for innovation; focus the budget on providing public goods; boosting green industrialization, establishing a “green” social contract; strengthening the EU’s defense autonomy; and reforming its decision-making, both to enhance efficiency and prepare for enlargement. The authors advocate doing more with limited resources; and avoiding micromanagement, which breeds opposition to European integration and impedes growth.⁶ It is a sensible, but very ambitious, agenda.

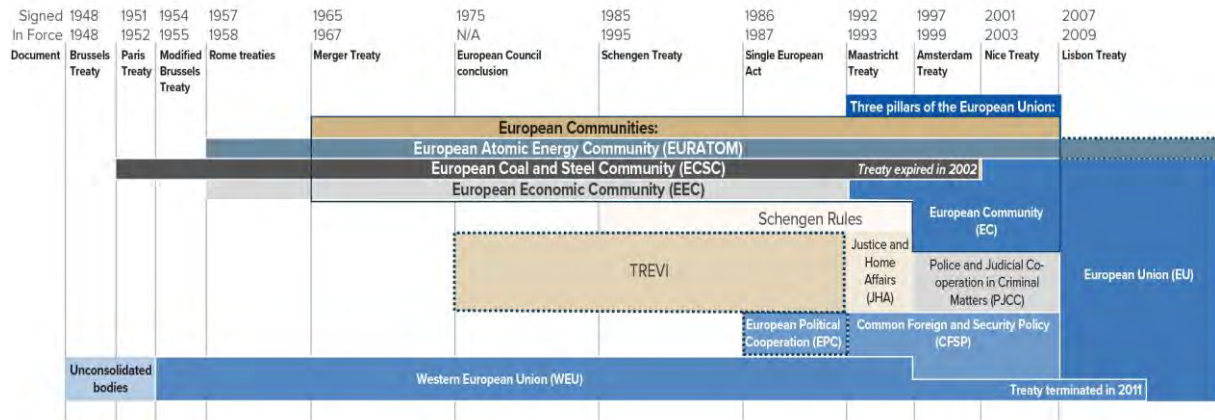
In a more limited, but important vein, Camille Grand has called for a more strategic approach to NATO and deeper investment in defense to give European countries a capability for crisis management and collective defense with limited US support, permitting a more secure EU, and a more European NATO.⁷

Meanwhile, both in harmony and in counterpoint, Steven Walt, the Robert and Renée Belfer Professor of International relations at Harvard University, has argued in *Foreign Policy* on NATO’s 75th anniversary, that while NATO will not collapse, even if Trump becomes US president again and more NATO sceptics gain power in Europe, “there are powerful structural forces gradually pulling Europe and the United States apart, and those trends will continue regardless of what happens in November, in Ukraine, or in Europe itself.” He argues that:

Europe and the United States are gradually drifting apart, and the only important question is how fast it will happen and how far it will go.⁸

So, let’s take stock!

Evolution



Source: Own illustration.



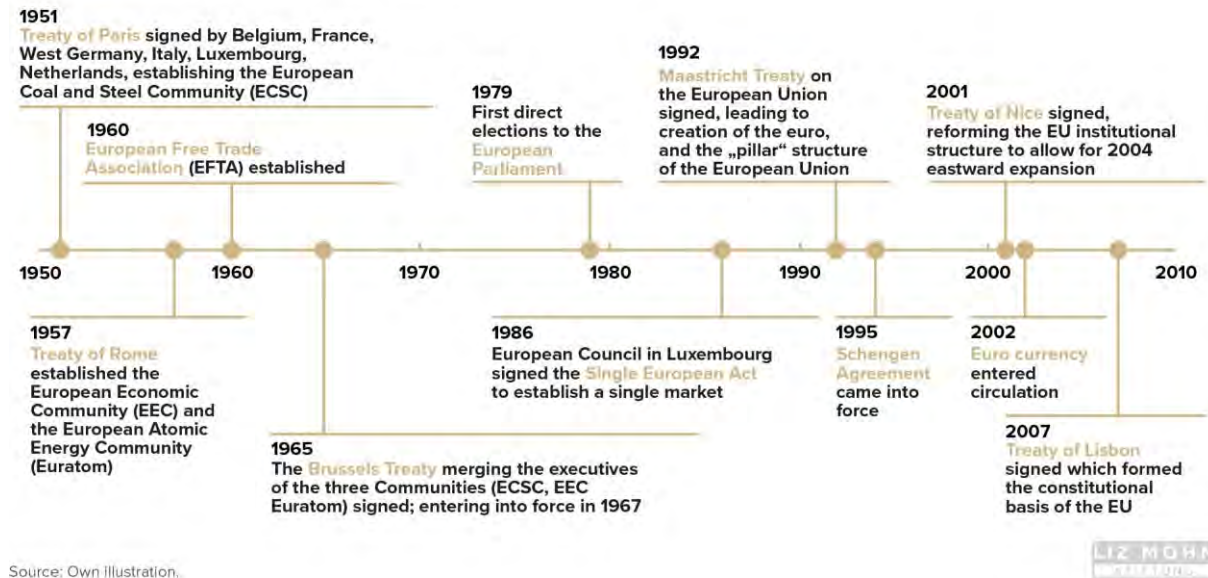
⁶ Demertzis, Maria, André Sapir, and Jeromin Zettelmeyer. Policy Brief: Overcome Divisions and Confront Threats: Memo to the Presidents of the European Commission, Council and Parliament. In: Brugel. Vol. 13, No. 24 (July 2024). <https://www.bruegel.org/sites/default/files/2024-07/PB%2013%202024.pdf>, [retrieved July 9, 2024].

⁷ Grand, Camille. Defending Europe with less America. In: European Council on Foreign Relations. <https://ecfr.eu/publication/defending-europe-with-less-america/>, [retrieved July 10, 2024].

⁸ Walt, Stephen M. This Time, NATO Is in Trouble for Real: After years of false alarms, the Western military alliance is finally approaching a precipice. In: Foreign Policy Magazine, July 2024. <https://foreignpolicy.com/2024/07/08/nato-75-anniversary-washington-summit-trouble/>, [retrieved July 9, 2024].

The European Union⁹ (EU Treaty, 1993), born of the European Coal and Steel Community (1951), the European Atomic Energy Community and the European Economic Community (Treaties of Rome (1957)¹⁰ and the European Community (1997), is the most remarkable multilateral community in our political experience.

Historical Milestone of the European Union



⁹ <https://www.cvce.eu/en/collections/unit-content/-/unit/d5906df5-4f83-4603-85f7-0cab24b9fe1/7550d654-18b4-4e04-86d1-9bd3a8ddf5a>, [retrieved July 4, 2024].

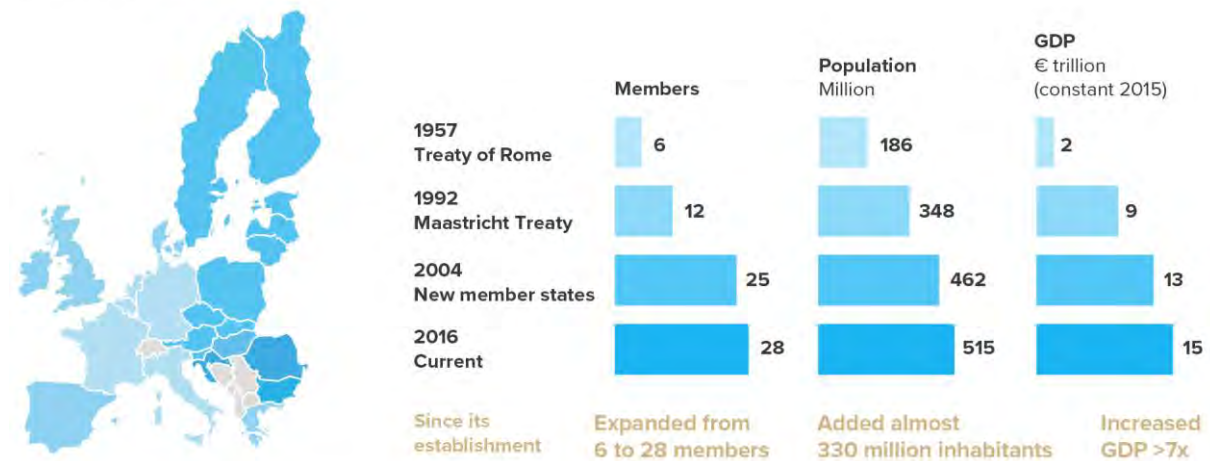
¹⁰ The entry into force, on the same date as the Treaties of Rome to which they were annexed, of the Convention on certain institutions common to the European Communities made it possible, from the outset, for the three Communities (ECSC, EURATOM and EEC) to share a single Assembly and a single Court of Justice. The entry into force on July 1, 1967 of the Treaty establishing a Single Council and a Single Commission of the European Communities then led to the “merger of executive bodies.” From that date on, the three Communities also shared a single Commission and a single Council. That treaty also created a single budget and administration for the Communities, together with uniform Staff Regulations applicable to their officials and other servants.

State accession

EU member state accession

1957 <ul style="list-style-type: none"> • Belgium • France • Germany • Italy • Luxembourg • Netherlands 	1973 <ul style="list-style-type: none"> • Denmark • Ireland • United Kingdom 	1981 <ul style="list-style-type: none"> • Greece 	1986 <ul style="list-style-type: none"> • Spain • Portugal 	1995 <ul style="list-style-type: none"> • Austria • Finland • Sweden 	2004 <ul style="list-style-type: none"> • Czech Republic • Estonia • Hungary • Latvia • Lithuania 	<ul style="list-style-type: none"> • Poland • Slovakia • Slovenia • Cyprus • Malta 	2007 <ul style="list-style-type: none"> • Bulgaria • Romania 	2013 <ul style="list-style-type: none"> • Croatia
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Member states, inhabitants, and GDP



Source: European Commission; Eurostat. The Conference Board; The Conference Board Total Economy Database™ (Adjusted version). November 2016; McKinsey Global Institute analysis



The four most significant legal documents in the evolution of what is today the European Union are the Treaty of Rome (1957), the Single European Act (1986), the Maastricht Treaty (1992), the Amsterdam Treaty (1997), the Nice Treaty (2001) and the Lisbon Treaty (2007). For our present purposes, we need to touch on only the Maastricht Treaty, the Nice Treaty and the Lisbon Treaty, which established the EU itself.

II Maastricht Treaty (1992)

This established the convergence criteria of the Community in Art. 121 and was adopted to enable price stability in the face of the entry of new members, by controlling inflation, public deficits and public debt, so as to effect exchange rate stability and interest rate convergence.

Each member state was required to contain its inflation rate at no more than 1.5 percent above average of the three best performing member states; and its annual government deficit at or below 3 percent of GDP. Temporary excesses were permitted only in exceptional circumstances. Gross government debt was required to be below 60 percent of GDP. If this was not achieved due to particular circumstances, a member state was required to show that it was moving satisfactorily towards achievement. At the end of 2014, however, only Estonia, Latvia, Lithuania, Slovakia, Luxembourg and Finland had met this target.

In preparation for adoption of a single currency regime, an applicant state was required to have been in ERM II, under the European Monetary System, for two years, and not to have devalued its

currency in this period. Nominal long-term interest rates were required not to have exceeded 2 percent above those of the three member states with the lowest inflation rates.

The introduction of the European Central Bank (ECB) on January 1, 1999, as the central bank charged to manage the monetary policy of the 19 Eurozone countries was the logical extension of this process.

The purpose of the ECB, expressed in Art. 2 of its Statute, is to maintain price stability in the Eurozone. The basic tasks, set out on Art. 3, are to define and implement monetary policy for the Eurozone; conduct foreign exchange operations; manage the foreign reserves of the European System of Central Banks (ESCB); and administer the financial market infrastructure.

The effect of the Maastricht Treaty and the creation of the ECB was to limit the fiscal policy flexibility of individual member states, and to exclude the capacity of members of the Eurozone to conduct an independent monetary policy.

In general terms, governments employ fiscal policy to influence levels of employment, and monetary policy to manage inflation. Surrendering national control of both fiscal and monetary policy to a supranational governance structure is only feasible among states with well-aligned economies.

III Optimum Currency Areas

The theory of optimum currency areas (OCAs) was developed by Robert Mundell in the late 1950s, and he was awarded the Sveriges Riksbank Prize in Economic Sciences in memory of Alfred Nobel for this work. An OCA can be defined as a geographical region in which economic efficiency is increased when the whole region shares one currency. The present Eurozone is the most recent and largest OCA.

Mundell defined four key criteria for an OCA:

- Labor mobility due to the absence of legal and cultural barriers, supported by institutional arrangements (e.g. transferability of pensions)
- Capital mobility and price and wage flexibility, permitting market forces to distribute money and goods to locations where they are needed
- An institutional risk sharing system/fiscal transfer mechanism to redistribute money to areas and sectors in need
- Similar business cycles in the member countries to allow the Central Bank of the OCA to stimulate growth in economic downturns and contain inflation in booms¹¹

The EU's *Stability and Growth Pact*, however, prohibited inter-state fiscal transfers, thus constraining institutional risk-sharing, also in respect of public debt. This provision had to be abrogated in the Eurozone debt crisis in April 2010. Although there is free movement of EU citizens within the Schengen area, linguistic and cultural diversity are constraints on labor mobility, as is the restricted

¹¹ Mundell, Robert A. A Theory of Optimum Currency Areas. In: The American Economic Review, Vol. 51, No. 4 (September 1961), pp. 657-665.

recognition of qualifications across the Union. The business cycles in Northern and Southern Europe, as well as some Eastern EU member states, are, moreover, not closely enough aligned to meet the requirements of an Optimal Currency Area, leading several EU states to remain outside the Eurozone.

The level of economic coherence within the Union was moreover strained by the EU's expansion from the 15 states that it comprised after 1995, to 25 in 2004, and later 27 (Bulgaria, Romania – 2007) before the global financial crisis of 2010-2013. Croatia's accession in 2013 did not have any appreciable impact. Britain's withdrawal in 2016 caused further strain, notably for the Republic of Ireland. Deficiencies in the coordination of economic policy and in burden-sharing in the face of the waves of forced migration into Europe from Central Asia, the Levant and North and East Africa from 2014 caused further strains.

IV Economic Burden-sharing

The benefits arising from any form of collective action must exceed, and be seen to exceed, the costs. The economic logic of the EU since the creation of the Single Market has been that a greater and more efficient movement of goods, services, capital and people between national economies brings both individual and collective benefits that exceed the costs of reduced policy sovereignty.

In the aftermath of the shocks arising from the global economic crisis, however, those EU states with unacceptably high fiscal deficits had to cut budgetary spending to return to compliance with the Maastricht criteria. Economies with fiscal surpluses at that time – Germany, Austria, the Netherlands and Denmark in 2010 – could, and should have, in the interests of burden-sharing to support the Union, adopted expansionist fiscal stances to compensate for the contractive effects of austerity measures in the states acting to eliminate fiscal deficits.

There was, of course, no fiscal expansionism, however, chiefly because those states prided themselves on their fiscal discipline. This increased the EU's reliance on monetary policy. The ECB, like the US Federal Reserve, provided liquidity, which inflated equity markets without restoring activity in the "real" economy: The failure to coordinate fiscal and monetary policy led to no job creation, and to higher income and wealth inequality.

V Burden-sharing in Forced Migration

Over one million migrants and refugees entered Europe in 2015, off the back of 280,000 in 2014. A further 135,000 arrived in first two months of 2016. Over 80 percent of those arriving by boat in 2015 came from Syria, Iraq, Iran and Afghanistan, all roiled by civil wars with foreign intervention. Most migrants said that they sought to reach Germany, Sweden or the United Kingdom. Meanwhile, poverty and insecurity were also driving migration from Pakistan, Libya, Eritrea and Somalia.

While Chancellor Merkel, motivated by Christian charity, was undoubtedly correct that Germany would be able to accommodate a million migrants if necessary,¹² EU states to the East of Germany

¹² Hille, Peter. 'We can do this!' – Merkel's words five years on: In 2015, German Chancellor Angela Merkel uttered her famous quote about taking in refugees. Today the numbers show that integration has made progress, though skepticism persists. Deutsche Welle (2020). <https://www.dw.com/en/merkel-germany-refugees/a-54769229>, [retrieved July 10, 2024].

struggled with the mass movement of refugees, leading some to close their borders, leaving tens of thousands of migrants stranded in Greece, and adding to that country's economic crisis.

Seeking to restore balance, EU Interior Ministers approved a plan in September 2015 to relocate 120,000 migrants across Europe over two years, under binding quotas. Joint rules were established in a *Common European Asylum System*, but implementing these proved difficult, with Romania, the Czech Republic, Slovakia and Hungary opposing them. There were challenges even in Germany.¹³

In November 2015, the EU approved a program to provide €3 billion a year to Turkey to assist it to cope with an influx of 2.2 million Syrian migrants and enable the return of some refugees from Europe. Turkish nationals were given Schengen zone access. Uncertainties and problems have continued, however, as movement across the Mediterranean, and the Channel from France to the UK, continued to pose challenges.

VI Cultural Tensions Inhibit Collective Action

Cultural diversity in a politico-economic union is a challenge, as culture provides the context for “the social production of meaning.”¹⁴ Social cohesion requires a high degree of reciprocal understanding between citizens and other social actors, and widespread acceptance of shared social norms.¹⁵ The absence of these shared understandings and behaviors is the prime cause of the tensions occasioned by the arrival of large numbers of refugees, but cultural diversity within an expanded – and expanding – European Union can also inhibit the scale of the socio-political and thus, institutional, “deepening” that is feasible within the Union. Most recently, Hungary's Prime Minister Helmut Orbán has been testing the limits of the diversity that can be tolerated within the EU's *Common Foreign and Security Policy* with his independent outreach to Ukraine, Moscow and Beijing,¹⁶ and US GOP candidate Donald Trump has continued to question Washington's commitment to the defense of European NATO members who are not contributing enough to NATO's budget.

¹³ Stelzenmüller, Constanze. Germany's grand refugee experiment. In: Brookings, June 9, 2016. <https://www.brookings.edu/articles/germanys-grand-refugee-experiment/>, [retrieved July 5, 2024].

¹⁴ According to Clifford Geertz, culture is “a system of inherited conceptions expressed in symbolic forms by means of which people communicate, perpetuate, and develop their knowledge about and attitudes toward life.” His work focused on identifying the carriers of meaning within social groups, such as symbols, narratives, and language. Abolafia, J Mitchel Y., Jennifer Dodge, Stephen K. Jackson. Clifford Geertz and the Interpretation of Organizations Arrow. In: Oxford Academic, 2014. <https://doi.org/10.1093/oxfordhb/9780199671083.013.0015>, [retrieved July 10, 2024].

His approach, known as interpretive anthropology, seeks to understand how people interpret their own experiences within their cultural context. Panourgia, Neni. Interpretive Anthropology. In: Oxford Bibliographies, 2012. <https://www.oxfordbibliographies.com/display/document/obo-9780199766567/obo-9780199766567-0048.xml>, [retrieved July 10, 2024].

¹⁵ Cleary, Sean. New Foundations for World Economy and Global Governance. In: Salzburg Trilogue, 2011. https://www.researchgate.net/publication/272567352_New_Foundations_for_World_Economy_and_Global_Governance, [retrieved July 10, 2024].

¹⁶ European Council President Charles Michel voiced concerns about Hungarian Prime Minister Viktor Orbán's recent trip to Moscow, calling it a “political mistake” and a “blatant violation of the principle of loyal cooperation among the European institutions.” Semafor also reported that Orbán will meet with Trump at Mar-a-Lago after the NATO Summit in Washington. <https://www.semafor.com/newsletter/07/11/2024/pressure-mounts-on-biden>, [retrieved July 11, 2024].

VII A Dangerous Global Moment

One of the most pertinent challenges facing the EU at present is the fact that we have now reached the most significant historical inflection point since the fall of the Berlin Wall in 1989 and the dissolution of the Soviet Union in 1991. The United States is no longer *l'hyperpuissance*, as Hubert Védrine described it in the aftermath of the dissolution of the USSR. The plates of the global system are shifting tectonically – from Asia-Pacific, through the Middle East, Eastern Europe and the Caucasus, across the Sahel to West Africa. Multilateral institutions are under great stress, and some, including the UN Security Council and the World Trade Organization, are failing. Military spending in 2023 reached \$2.4 trillion – 6.8 percent up from 2022, with spending per person at \$306, the highest number recorded since 1990.

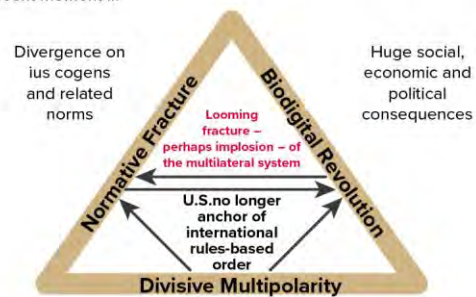
Global Tensions and an Inflection Point

Transformative Tensions



Inflection point threatening fracture: 2024

The present moment ...



Source: Own illustration.

LIZ MOHN
STRATEGIES

Speaking of a “global society,” Hedley Bull suggested that this would comprise: “a group of states, conscious of [...] common interests and common values [...] conceiv[ing] themselves to be bound by a common set of rules in their relations to one another.”¹⁷ This condition applies equally to a coherent and successful European Union.

Achieving a condition in which states are conscious of common interests and common values and accept that they are bound by common rules in relations between them does not require states to align all societal values, but it does require them to recognize a certain quantum of common interests that justify subordinating national discretion to achieve superior collective purposes. It does not require nations to abandon their cultures, or states to abnegate their national interests, but it does require them to recognize that the exclusive pursuit of national interests, uncaring of the effect of that on others, undermines human welfare on a collective scale.

¹⁷ Bull, Hedley. *The Anarchical Society: A Study of Order in World Politics*. London: Macmillan, 1977.

VIII Symmetry Breaking

We had reached an earlier inflection point – metaphorically akin to symmetry breaking¹⁸ – ahead of the global financial crisis in 2007–2008, due to the asymmetry between the demands of a *highly integrated global economy*, a *fractured global society* and the *inadequacies and inability of the global polity* to reconcile these. Harvard economist Dani Rodrik had anticipated this, pointing to the tensions between what he described as “hyperglobalisation,” “democratic systems,” and “national accountability,” which, he argued from 2000, presaged fracture of the international system, as no more than two of the three could coexist.¹⁹

The backlash against globalization became explicit in “nativism” and “populism” in both emerging markets and [some] advanced economies at the end of the global economic crisis. Donald Trump’s MAGA theme in 2016 was its most explicit manifestation, but that followed in the wake of BREXIT in the United Kingdom, while similar forms of populism were earlier apparent in Hungary, the Russian Federation and Turkey – and later in Poland.

These tensions are also applicable in the institutional structure of the European Union, notably in the context of the candidacy of potential new members. New members are admitted only when they can demonstrate to the EU institutions and member states that they are able to comply with the Copenhagen criteria.²⁰ Applicant countries must have stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy that can thrive in the competitive market of the EU; and the ability to assume the obligations of membership in an already-established political, economic and monetary union. The conditions and timing of each candidate state’s adoption, implementation and enforcement of EU rules is defined in the “acquis,” with the rules applicable to each policy field being negotiated separately. In the applications by countries of the Western Balkans, further conditions were set out in the “Stabilisation and Association Process,” relating chiefly to regional cooperation and good neighbourly relations.²¹

IX The Way Forward for the EU

For the past 47 years, the challenge for the European project has been how to manage the tension between “widening” Europe, by increasing membership of European institutions, and “deepening” Europe, to advance an “ever closer union among the peoples,” in the language of the Treaty of

¹⁸ A symmetry break, a term borrowed from theoretical physics, occurs when the working of a complex system transitions from a symmetric but ill-defined state to more clearly defined state. In spontaneous symmetry breaking, underlying laws are unchanged, but the system changes spontaneously from a symmetrical, to an asymmetrical, state. In: Cleary, Sean. Challenges of Global Complexity, February 2015. <https://www.futureworldfoundation.org/Content/Article.aspx?ArticleID=9868>, [retrieved July 10, 2024].

¹⁹ Rodrik, Dani. The 'Trilemma' of Globalisation. In: Blavatnik School of Government, Oxford University, May 2013. <https://www.bsg.ox.ac.uk/news/trilemma-globalisation>, [retrieved July 10, 2024]. See also: Rodrik, Dani. How Far Will International Economic Integration Go? In: Journal of Economic Perspectives Vol. 14, No. 1 (2000), pp. 177–186.

²⁰ European Council in Copenhagen. Conclusions of the Presidency, June 1993. https://ec.europa.eu/commission/presscorner/detail/en/DOC_93_3, [retrieved July 11, 2024].

²¹ European Commission. Conditions for Membership. https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/conditions-membership_en#:~:text=Countries%20wishing%20to%20join%20need%20to%20have%3A%201,the%20aims%20of%20political%2C%20economic%20and%20monetary%20union, [retrieved July 11, 2024].

Rome from 1957. François Mitterrand advanced the idea of a Union “entre ceux qui le voudront,” to resolve tensions between countries favorable to a “European Union” (France, Germany, Italy and Benelux) and those opposed to it – notably the United Kingdom under Margaret Thatcher.²² Out of this emerged a construct of a Europe characterized by “variable geometry and varying speed.”

Jacques Delors, the Commission President, introduced the concept of a Europe of “concentric circles” in his address to the European Parliament in January 1990, proposing an inner circle with a federal heart, a second circle comprising an economic union, a third constituting a cooperation agreement and a fourth with a confederal character.²³ More recently, on March 10, 2017, Yves Bertoncini, Director of the *Institut Jacques Delors*, argued for three sets of initiatives in *Security and Defense, Home and Judicial Affairs*, and in respect of the *Economic and Monetary Union*.

In 1994, when there were 12 members, Wolfgang Schäuble and Karl Lamers argued for recognition of a *Kerneuropa* which would have a “centripetal effect,” drawing in other European states.²⁴ Five years earlier, Michael Mertes and Norbert J. Prill had argued for a variation on Mitterrand’s “concentric circles.” In 1994, they adapted the metaphor, suggesting that the EU after the Cold War could take the form of a “Europe of Olympic rings.”²⁵

The concept of “variable geometry and varying speed” has been debated for decades, as it became clear that an increase in members made it more difficult to reach agreement on many topics, and highly improbable that all members would advance at the same pace in all fields.

The diversity is evident in the membership of the **Eurozone**, with 20 member states, and two more (Bulgaria and Denmark) in ERM II,²⁶ the **Schengen Area**, with 29 member states – 25 EU members

²² Bertoncini, Yves. L’intégration Différenciée dans L’union Européenne : Une Légitimité À Géométrie Variable. In: Institut Jacques Delors. <https://institutdelors.eu/wp-content/uploads/2020/08/integrationdifferentiee-ber-toncini-ijd-feb17-5.pdf>, [retrieved July 6, 2024].

See also: François Mitterrand. Allocution de M. François Mitterrand, Président de la République, devant le Parlement européen à Strasbourg, notamment sur la coopération européenne, les institutions communautaires, l’Europe. In: République Française, Vie Publique, Mai 1984. <https://www.vie-publique.fr/discours/135191-allocution-de-m-francois-mitterrand-president-de-la-republique-devant>, [retrieved July 6, 2024].

²³ Brunazzo, Marco. The Politics of EU Differentiated Integration: Between Crises and Dilemmas. In: *The International Spectator*, Vol.57, No.1 (2022), pp. 18-34.

²⁴ Lamers, Karl and Wolfgang Schäuble. Überlegungen zur Europäischen Politik. 1994. See also: Andréani, Gilles. What future for federalism? In: *Centre for European Reform Essays*, September 2002, p. 7-8.

²⁵ Mertes, Michael and Norbert Prill: Es wächst zusammen, was zusammengehören will. “Maastricht Zwei” muss die Europäische Union flexibel machen. In: *Frankfurter Allgemeine Zeitung*, December 1994, p. 11.

²⁶ All EU members, other than Denmark, are committed by treaty to join the Eurozone, but several have no present plans to do so.

and four non-EU members (Iceland, Liechtenstein, Norway and Switzerland),²⁷ the **Prüm decision**,²⁸ and the **European Defence initiative** – amplified by the **European Defence Industrial Strategy**.²⁹

In the aftermath of the United Kingdom’s departure from the European Union, Commission President Juncker released a five-point view of possible courses for the 27 post-Brexit members, with a view towards 2025. These “range from standing down from policing of government financing of companies, for example, to a broader pullback that would essentially strip the EU back to being a *single market*.” This would entail member countries, or groups of countries, adopting different levels of participation with the Union.³⁰

The potential enlargement of the European Union due to the candidacy of Albania, Bosnia and Herzegovina, Georgia, Kosovo, Moldova, Montenegro, North Macedonia, Serbia, Turkey and Ukraine, necessarily sharpens the challenge, and requires a thoughtful approach.

Four considerations are particularly pertinent – *national electoral sentiments*; *security threats* (also in the context of the trans-Atlantic Alliance); *neighborhood policy*; and *economic competitiveness*.

X EP Elections in 2024

Despite earlier predictions, the “populist right” and “far right” did not come to dominate the new European Parliament in the elections of June 2024, although the outcome of those election will influence the EU’s agenda over the next five years.

Across the EU, the vote share of parties to the right of the *European People’s Party* (EPP) rose from 18 percent in 2019 to just over 24 percent, if hard-right parties currently sitting in the non-attached group are included. The EPP has retained 188 seats, the highest number, slightly increasing its presence. The center-left *Socialists and Democrats* (S&D) maintained just under 19 percent. Taken as a whole, the EPP, S&D and the liberal Renew Europe group still have over 400 out of 720 seats, and the Greens will often work with the centrist parties. The elections, however, also saw a strong performance by populist right-wing and far-right parties in many EU countries, notably in France and Germany, propelled by opposition to the cost of “green” policies, anti-migration sentiments and economic insecurity. The rising vote share of the far right reflects discontent with EU policies, and dissatisfaction with the state of national democracy. Recent surveys indicate that less than half of EU citizens are satisfied with the workings of democracy in their countries.

²⁷ The Schengen Area excludes two EU members: Cyprus, which is committed to join, and Ireland, which has elected not to participate.

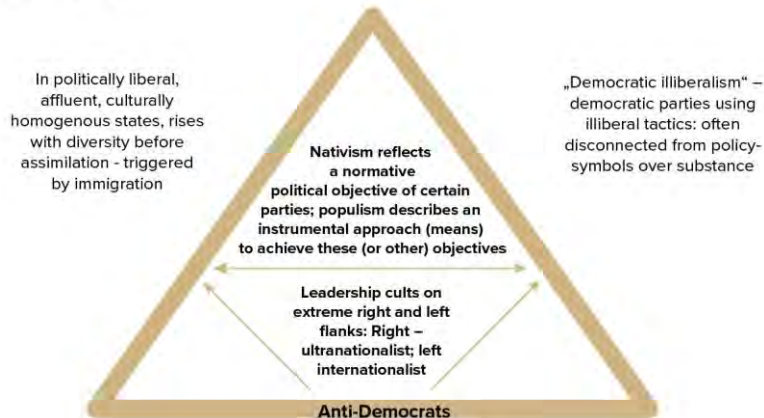
²⁸ It aims to improve cross-border cooperation between EU Member States’ police and judicial authorities to combat terrorism and cross-border crime through automated exchanges of information, under a multilateral treaty signed in 2005 by Belgium, Germany, Spain, France, Luxembourg, the Netherlands and Austria, later transformed into a legal instrument binding all Member States and adopted by Council of the European Union. EUR-Lex. Document 32008D0615. Council Decision 2008/615/JHA of June 23, 2008 on the stepping up of cross-border cooperation, particularly in combating terrorism and cross-border crime. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008D0615>, [retrieved July 7, 2024].

²⁹ https://commission.europa.eu/news/first-ever-european-defence-industrial-strategy-enhance-europes-readiness-and-security-2024-03-05_en, [retrieved July 7, 2024].

³⁰ Pop, Valentine. Once Scorned, ‘Multispeed Europe’ Is Back. In: The Wall Street Journal, March 2017, [retrieved July 7, 2024].

Additional tensions due to hyper nationalism

Challenges to liberal democracy



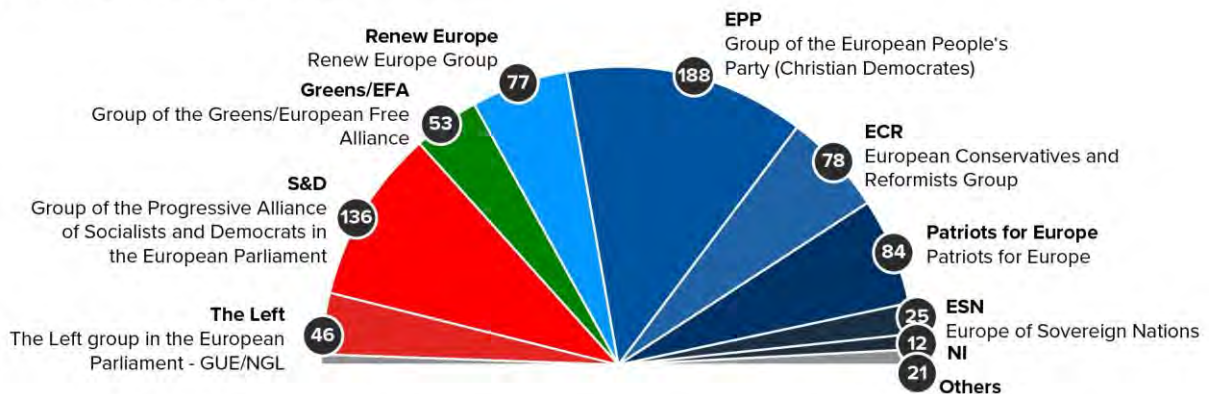
Source: Own illustration.



The shift towards the right means that the appetite for institutional overhaul, including treaty changes for EU enlargement, will weaken further, increasing reliance on the technocracy in Brussels, despite concerns about the impact of this on already weak citizen engagement.³¹

Additional tensions due to hyper nationalism

European Parliament 2024 - 2029



Provisional

Composition of the European Parliament based on available provisional or final national results published after voting has finished in all Member States, based on the structure of the outgoing Parliament. According to Parliament's rules of procedure, a political group shall consist of at least 23 Members elected in at least seven Member States.

Source: Own illustration.



³¹ Grant, Charles, Zselyke Csaky, Christina Kessler, Zach Meyers, Luigi Scazzier. What will the EU election results mean for Europe? In: Center for European Reform, June 11, 2024. https://www.cer.eu/sites/default/files/insight_EU_elections_11.6.24.pdf, [retrieved July 13, 2024].

XI The “Youth Vote”

While “progressives” have long counted on the support of young people, with young Europeans voting for climate action, social justice and democratic reform in 2019, the EP elections in 2024 saw many young voters shift to the right, enabling Euroskeptic parties to advance.³²

The rightward shift of younger voters is apparent across the Union. After overwhelming support for the Greens in 2019, 16 percent of German voters under 25 voted for the Alternative für Deutschland (AfD) in the 2024 European elections, putting the party in second place behind the Christian Democrats, and well ahead of the Social Democrats. In France, 30 percent of the youth vote went to the far-right National Rally, paralleling the runoff vote in the 2022 Presidential election, when 39 percent of voters aged 18-24 and 49 percent of those aged 25-34 voted for Mme. Le Pen.

Ngaire Woods has argued that young voters’ growing support for far-right parties is driven chiefly by “a powerful sense of betrayal by establishment politicians” as many young Europeans grapple with a cost-of-living crisis and poor economic prospects, with youth unemployment among those from 15 to 24 years of age reaching 13.8 percent in 2023, with far higher rates in Spain, Greece, Italy and Sweden. Support for the far right has increased across the Union, despite a decline in unemployment in Germany, France and Italy, due to indications that most young people will end up poorer than their parents. Far-right parties, notably the AfD in Germany, have also exploited social media, especially TikTok, to sharpen young voters’ anxieties. Prof. Woods argues that to win back disaffected youth, political leaders must offer them a better future, also by embracing the media on which these voters rely.

XII European Security Architecture, the Future of NATO, and Strategic Autonomy

Russia’s invasion of Ukraine in February 2022 has heightened the sense of Europe’s vulnerability in a way unprecedented since the dissolution of the USSR in 1991 and led to NATO’s expansion to include Finland and Sweden. It must be seen in the context of Vladimir Putin’s address to the Munich Security Conference in 2007, in which he castigated the “unipolar world” that had emerged after 1991,³³ and Russia’s invasion, thereafter, of Georgia in 2008, and of Crimea and parts of Eastern Ukraine in 2014. Few strategists were surprised. George Kennan, author of the “long Telegram” that led to the creation of the Western security alliances that contained Soviet expansionism after World War II, had warned in 1948 that no Russian government would accept Ukraine’s independence. Decades later, Kennan cautioned that the eastward expansion of NATO would doom democracy in Russia and ignite another Cold War.³⁴ In 2022, former NATO Secretary-General Javier Solana warned that, due to Russia’s “territorial conception of power,” and the reduction of its “territorial buffer” after 1991, “the Kremlin is clearly committed to keeping Ukraine within its

³² Woods, Ngaire. Why Young Europeans Are Embracing the Far Right. In: Project Syndicate, June 28, 2024. <https://www.project-syndicate.org/commentary/youth-vote-in-european-elections-should-serve-as-warning-to-democratic-leaders-by-ngaire-woods-2024-06>, [retrieved July 5, 2024].

³³ Putin, Vladimir. Speech and the Following Discussion at the Munich Conference on Security Policy, February 10, 2007. <http://en.kremlin.ru/events/president/transcripts/copy/24034>, [retrieved July 13, 2024].

³⁴ Costigliola, Frank. Kennan’s Warning on Ukraine Ambition, Insecurity, and the Perils of Independence. In: Foreign Affairs, January 27, 2023. <https://www.foreignaffairs.com/ukraine/george-kennan-warning-on-ukraine>, [retrieved July 13, 2024].

sphere of influence.”³⁵ The backdrop to the strategic miscalculations that gave rise to the tragic war in Ukraine after Mr. Putin’s invasion in violation of Art. 2 of the UN Charter and peremptory rules of public international law (*ius cogens*) has been canvassed elsewhere.³⁶

The war in Ukraine has, however, exposed the weakness of Europe’s defense preparedness, the inadequacy of its defense industrial base and its reliance on the United States, whose own defense industrial capacity and domestic political cohesion proved unable to deter Mr. Putin, or protect Ukraine’s civilian population after Russia’s invasion. While NATO members declared at the NATO Summit in Washington on July 11, 2024, their “unwavering commitment to Ukraine as a sovereign, democratic, independent state [...] affirm[ed their] determination to support Ukraine in building a force capable of defeating Russian aggression today and deterring it in the future [...] and to provid[e] political, economic, financial, and humanitarian support to Ukraine,”³⁷ the war is likely to drag on until a viable *European Security Architecture* has been crafted, perhaps along the lines of the *European Security Treaty* that was under negotiation in 2009.³⁸ Balancing that with an outcome that ensures Mr. Putin is not rewarded for gross violations of the UN Charter and international humanitarian law will be a challenging task.

It also puts paid, at least for the present, to the essentially theoretical discussion about European *strategic autonomy in defense*, outlined in the EU’s *2016 Global Strategy*, to reduce the EU’s reliance on the United States in NATO, and permit the Union to act as an equal partner and independent, or at least autonomous, actor in the military realm.³⁹

Meanwhile, although NATO is not at risk of losing significant congressional support in the US at present, the delay in the provision of aid to Ukraine earlier in 2024 has shown that NATO’s path in this new era will be fraught, even if Vice-President Harris (or another Democratic Party candidate) wins the Presidency in November. Europe is still heavily dependent on the United States for its military security, and even with an unparalleled commitment of resources to building stronger European defense capabilities, it will take years to develop sufficient capacity. A Trump victory in 2024 would pose a threat to the Alliance given Mr. Trump’s statements and predilections, and force radical reconsideration of Europe’s options.⁴⁰ In these circumstances, the EU’s High Representative for Common Foreign and Security Policy⁴¹ would be well advised to engage key personnel in

³⁵ Solana, Javier. Ukraine and the fundamentals of European Security. In: Project Syndicate, January 21, 2022. <https://www.project-syndicate.org/commentary/russia-ukraine-crisis-requires-european-diplomatic-role-by-javier-solana-2022-01>, [retrieved July 13, 2024].

³⁶ Cleary, Sean. The Failure of Constructive Collective Action When We Need It Most. In: Global Perspectives, Collection: The Illusion of Control, Section: Technology and Global Change, Vol. 5, No. 1 (2024). <https://doi.org/10.1525/gp.2024.116175>, [retrieved July 13, 2024].

³⁷ NATO Washington Summit Declaration, July 10, 2024. https://www.nato.int/cps/en/natohq/official_texts_227678.htm, [retrieved July 11, 2024].

³⁸ President of Russia. The Draft of the European Security Treaty. November 29, 2009. <http://en.kremlin.ru/events/president/news/6152>, [retrieved July 13, 2024].

³⁹ Domencq, Jorge. Strategic Autonomy Calls for More Cooperation, Less Rhetoric. <https://eda.europa.eu/webzine/issue18/in-the-spotlight/strategic-autonomy-calls-for-more-cooperation-less-rhetoric>, [retrieved July 13, 2024].

⁴⁰ Goldgeier, James and Elizabeth N. Saunders. NATO is on the ballot in 2024: The treaty organization serves US interests, yet its fate hangs on the 2024 election. In: Brookings, June 25, 2024. <https://www.brookings.edu/articles/nato-is-on-the-ballot-in-2024/>, [retrieved July 13, 2024].

⁴¹ European Union External Action, High Representative / Vice President: Since the entry into force of the Lisbon Treaty the High Representative is also Vice-President of the European Commission. This allows further coordination and ensures coherence in EU foreign policy as the European Commission has important international responsibilities such as trade, development, neighborhood policy and humanitarian aid. https://www.eeas.europa.eu/eeas/high-representative-vice-president_en, [retrieved July 13, 2024].

the External Action Service, as well as defense, legal and Russian specialists in European think tanks, in disciplined reflection on the key elements of a *European Security Architecture* that will enable stabilization of the Eastern border of the Union vis-à-vis the Russian Federation, and on a framework for diplomatic negotiations, buttressed by security guarantees, that will secure the European space *en route* to, and in the aftermath of, a viable Treaty.⁴² There are important lessons to be drawn from the *realpolitik* employed in the Congress of Vienna in 1814-1815.⁴³

XIII Neighbourhood Policy

The European Neighbourhood Policy (ENP) governs the EU's relations with 16 of its closest Eastern and Southern partners with the aim of stabilizing the region in political, economic and security terms.

The Eastern Partnership is intended to strengthen relations between the EU and Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, while the Southern Neighbourhood Policy promotes cooperation with Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine⁴⁴ Syria and Tunisia.

The objectives of the policy are stabilizing these neighboring countries through economic development, promotion of employment, youth development, transport and energy connectivity, management of migration, mobility and security, while promoting good governance, democracy, the rule of law and respect for human rights.⁴⁵

The challenges to the success of the ENP have been sharpened by Russia's invasion of Ukraine, regional instability in the Levant and parts of North Africa, and Israel's assault on Gaza in the aftermath of Hamas' terrorist attack into Israel on October 7, 2023. The acceleration of the candidacy of Ukraine and Moldova for admission to the Union has also introduced a new dimension due to the war and the huge challenges of Ukraine's physical and economic rehabilitation after it ends. Relations with Israel, Palestine and Lebanon have also been rendered significantly more difficult due to the violent confrontation between Israel, Hamas and Hezbollah in Lebanon, as well as related militias in Syria and Iraq.

Finally, given Europe's historical relations with sub-Saharan Africa; political conflict in parts of Francophone West Africa, across the Sahel, to Ethiopia and Sudan, exacerbated by the presence of Russian mercenaries; the economic and social impacts of the COVID-19 pandemic, and serious inflation, debt sustainability and unemployment concerns, as well as the growing impacts of climate

⁴² There is no room for naivete in this exercise. See Covington, Stephen R. Putin's Revolution and War at a "Historical Crossroads." In: German Marshall Fund, July 2024. <https://www.gmfus.org/sites/default/files/2024-07/Putin%E2%80%99s%20Revolution%20%26%20War.pdf>, [retrieved July 13, 2024].

⁴³ Lesaffer, Randall. The Congress of Vienna (1814–1815). In: Oxford Public International Law. <https://opil.ouplaw.com/page/477>, [retrieved July 13, 2024].

⁴⁴ The EU and the Palestinian Authority (PA) have a partnership guided by the principles of mutual accountability, transparency and deep democracy that are essential to the establishment of a future democratic Palestinian state. https://www.eeas.europa.eu/palestine/european-union-and-palestine_en?s=206.

⁴⁵ European Commission, European Neighbourhood Policy. [https://commission.europa.eu/strategy-and-policy/policies/european-neighbourhood-policy_en#:~:text=The%20European%20neighbourhood%20policy%20\(ENP,political%2C%20economic%20and%20security%20terms](https://commission.europa.eu/strategy-and-policy/policies/european-neighbourhood-policy_en#:~:text=The%20European%20neighbourhood%20policy%20(ENP,political%2C%20economic%20and%20security%20terms), [retrieved July 13, 2024].

change, all driving migration towards Europe; the EU will not be able to ignore challenges further South on the African continent.

The *Marshall Plan with Africa*, announced in 2017 by then-German Federal Minister of Economic Development Gerd Müller,⁴⁶ must take cognizance of these major challenges and reframe the opportunities and potential for European collaboration in realizing the African Union's *Agenda 2063*⁴⁷ and the *African Continental Free Trade Agreement*⁴⁸ to strengthen stability and growth prospects in Africa, to the benefit of all parties.

The European Council, with the support of the Commission, will need to make new determinations in each of these areas, but balancing a degree of *subsidiarity*, and substantial flexibility to accommodate the different needs of EU member states, with the need to maintain a *Common Foreign and Security Policy*, will be key. It is not clear, at present, whether the creation of a more extensive *European Political Community* will facilitate, or complicate, this process.

The *European Political Community* (EPC) was initiated by President Macron at the *Conference on the Future of Europe* on May 9, 2022 after Russia's invasion of Ukraine. European Council President Charles Michel, followed with a similar proposal. Formation of an EPC was agreed to at a meeting of the European Council on June 23–24, 2022. Russia and Belarus were excluded. On September 29, 2022, the United Kingdom agreed to join.

The EPC has been described as “a platform for political coordination that does not replace any existing organisation, structure or process, and does not aim to create new ones at this stage.” The aims are to foster political dialogue and cooperation among countries “that subscribe to our shared core values to find a new space for cooperation” on politics, security, energy, infrastructure, investment and migration, and to strengthen the security, stability and prosperity of the European continent.

The EPC met, with 44 states, in October 2022, to discuss peace and security, and the energy crisis. In June 2023, the original 44 members, and 3 new members – San Marino, Andorra and Monaco – discussed joint efforts for peace and security, energy resilience and connectivity and mobility in Europe. In October 2023, leaders discussed how to make Europe more resilient, prosperous and geostrategic. The fourth meeting took place on July 18, 2024 in Blenheim Palace, in Oxfordshire in the United Kingdom.⁴⁹

⁴⁶ Martin Orth. Ten starting points on Africa's future: Supporting Africa's potential, July 31, 2018. <https://www.deutschland.de/en/topic/politics/marshall-plan-with-africa-ten-starting-points-for-africas-future#ls%20The%20Marshall%20Plan%20with%20Africa%20A%20German%20Initiative>, [retrieved July 14, 2024].

⁴⁷ African Union. Agenda 2063: The Africa We Want. <https://au.int/agenda2063/overview>, [retrieved July 14, 2024].

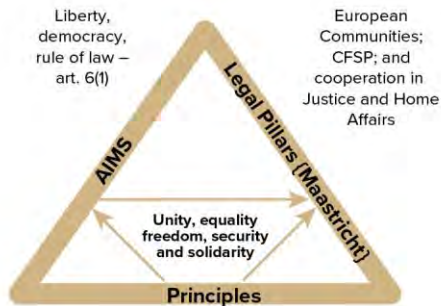
⁴⁸ African Continental Free Trade Area. Overview. <https://au-afcfta.org/about/>, [retrieved July 14, 2024].

⁴⁹ European Council. Meeting of the European Political Community, July 18, 2024. <https://www.consilium.europa.eu/en/meetings/international-summit/2024/07/18/>, [retrieved July 14, 2024].

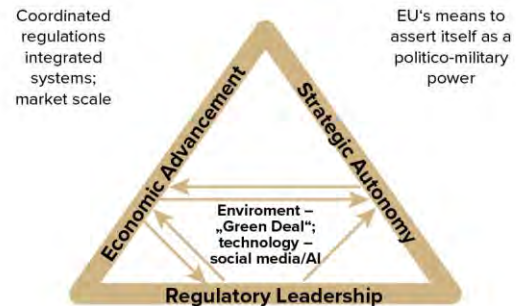
XIV Balancing Values Embedded in Regulatory Leadership, with Economic Advancement, and Strategic Autonomy

Balancing Principles, Ambitions and Programmes

Principles of the European Union



Challenges to the European Union



Source: Own illustration.

LIZ MOHN
STRATEGIES

In line with its aims and principles and, in accordance with the legal pillars introduced by the Maastricht Treaty, the EU has sought to set *exemplary regulatory standards* to protect human rights and the environment.⁵⁰ The Union's leadership in global climate negotiations as well as those on oceans and the preservation of biodiversity are well-documented. Standards on privacy protection and against monopolies have been consistently applied against the largest technology companies. The most recent example of global regulatory leadership in an emerging technology field is the EU's *Artificial Intelligence Regulation* (the AI Act), the first comprehensive legal framework for the use and development of artificial intelligence (AI). It seeks to ensure that AI systems developed and used in the EU are safe, transparent, non-discriminatory and environmentally friendly. The Commission is also revising the *product liability regime* to ensure that, where AI systems cause harm to users, there are appropriate means of recourse and compensation. Based on proposals by the Commission in 2022, a *Product Liability Directive* (85/374/EEC) has been introduced, imposing strict liability where a defective product causes material damage. The Revised PLD has been adopted by the EU Parliament and the EP's legal affairs committee is determining whether an additional draft *AI Liability Directive* is required for further consumer protection.⁵¹

Critics of the EU's commitment to regulatory leadership argue that it has an unacceptably high cost for *innovation* and *economic competitiveness*. The tension is illustrated in the Commission's description of the purposes of the *European Green Deal*, which correctly describe climate change and environmental degradation as existential threats, and assert that the *European Green Deal* will transform the EU into a *modern, resource-efficient and competitive economy*, ensuring *no net emissions of greenhouse gases by 2050, economic growth decoupled from resource use, and no person*

⁵⁰ European Commission. The European Green Deal: Striving to be the first climate-neutral continent. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en, [retrieved July 14, 2024].

⁵¹ Norton Rose Fulbright. Artificial Intelligence and Liability: Key Takeaways from recent EU Legislative Initiatives. July 2024. <https://www.nortonrosefulbright.com/en/knowledge/publications/7052eff6/artificial-intelligence-and-liability>, [retrieved July 14, 2024].

and no place left behind. While the purpose is clear, the means to achieve these outcomes in parallel have proven more challenging.

After a European visit in mid-2024, Fareed Zakaria wrote that in 2008 the economies of the US and the Eurozone were the same size, but that in 2024, the US economy is nearly twice the size of that of the Eurozone, while average European income is 27 percent lower than that in the US, and average wages are 37 percent lower. Noting US dominance in technology, banking and energy production, he cited an unnamed German CEO: “America is an easier place to do business, has fewer regulations, and now has much lower energy costs. How do I rationally invest in Europe?”

On technology investment, Zakaria noted that major digital companies need “great engineering talent, easy access to capital and a large market,” all three of which are present in the US and China. Noting that Europe has fine engineers and sufficient capital, he argued that “tech entrepreneurs must [however] navigate 27 sets of regulations, authorities and standards.” The effect of this, he said, citing PM Letta’s report on the future of the EU, is that of the €33 trillion of private savings in the Union, €300 billion a year is diverted to investments abroad, most in the US.

In the context of demands for higher, and more effective, defense spending, Zakaria cited the debilitating effect of national divisions on the *Common Foreign and Security Policy* (CFSP) – intended to preserve peace, strengthen international security, promote international cooperation and develop and consolidate democracy, the rule of law and respect for human rights and fundamental freedoms. Citing the huge troop reductions since 1991, he argued that much EU defense spending was now wasted “due to poor coordination and no grand strategy,” with states focusing on national defense instead of the threat on the Union’s Eastern frontiers. Much of Europe’s defense spending, moreover, goes to US defense companies.

Zakaria concluded that the solution is “a deeper, more united, more strategic Europe,” but that means “more power to the EU, which feeds the populist backlash [...] evident in the EP elections.” He cited an unnamed EU leader saying “We know what to do. We just don’t know how to win an election after we do it!”⁵²

Former Italian Prime Minister Enrico Letta’s report on the future of the EU’s single market was published in April 2024.⁵³ Letta argues that a new empowered Single Market “must be able to protect the fundamental freedoms, based on a level playing field, while supporting the objective of establishing a dynamic and effective European industrial policy. To achieve these ambitious objectives, we need speed, we need scale, and above all we need sufficient financial resources.”

In their comments for the *Center of European Reform*, Aslak Berg and Zach Meyers suggest that Mr. Letta’s report does not address the contradictions between the Commission’s competing priorities of *improving competitiveness, protecting economic security and delivering the green and digital*

⁵² Zakaria, Fareed. Why Europe is falling way behind America’s powerhouse economy. In: Washington Post, June 14, 2024. <https://www.washingtonpost.com/opinions/2024/06/14/europe-competition-economy-reform-populism/>, [retrieved July 5, 2024].

⁵³ Enrico Letta. Much More than a Market: Speed, Security, Solidarity: Empowering The Single Market To Deliver A Sustainable Future And Prosperity For All Eu Citizens. April 2024. <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>, [retrieved July 14, 2024].

transitions, and thus risks not advancing the European debate.⁵⁴ The discourse among Mark Leonard, Constanze Stelzenmüller, Nathalie Tocci, Carl Bildt, Robin Niblett, Radoslaw Sikorski, Guntram Wolff, Bilahari Kausikan, Ivan Krastev and Stefan Theil on Europe's readiness for a "post-American future," published in *Foreign Policy* on July 1, underlines this dilemma.⁵⁵ Clingendael has offered a further illustration of the scale of the EU's challenge in adapting to a fast changing world, in its review of the divergent national views of 21 EU member states and the United Kingdom, on "de-risking" vis-à-vis China.⁵⁶ Finally, it seems clear the election of a Labour government in the United Kingdom will encourage reconsideration of the UK's relationship with the EU, and the capitals of major European states, in the aftermath of the *UK Withdrawal Agreement* and the *EU-UK Trade and Cooperation Agreement*, and in the context of reciprocal obligations under the agreements on the European Economic Area (EEA), the European Free Trade Association (EFTA) and NATO.⁵⁷

XV Recommendations

- The Council, and especially the Commission, must recognize that the scale of the membership of the EU – 27 countries at present, with several candidate states seeking admission – as well as the cultural diversity among members, and the different geographical (and geopolitical) locations of states across Europe, precludes significant institutional deepening in subject areas where interests diverge. An overly ambitious, too-extensive, agenda will thus either fail, or cause resentment when elements that have been decided, impact negatively on the national interests of particular states.
- An appropriate measure of variable geometry and varying speed is therefore necessary.
- The Council and the Commission must actively acknowledge the trade-offs and tensions inherent in balancing (a) norm-setting as a leading regulatory pioneer in climate, the energy transition, digital (and other emerging) technologies, and rights-related issues like privacy, with (b) economic competitiveness, and (c) strategic autonomy in defense. There are no optimal, cost-free options in these multidimensional spaces, especially at the scale (27 culturally diverse states) of the EU at present.
- As economic competitiveness is an important determinant of the experience of well-being among citizens, and as (especially) young Europeans appear to be expressing frustration at the constraints inhibiting their economic security, the Council, the Commission and the Parliament

⁵⁴ Berg, Aslak and Zach Meyers. Enrico Letta's Report: More Than A Market, But Less Than An Agenda. In: Centre for European Reform, April 23, 2024. <https://www.cer.eu/insights/enrico-lettas-report-more-market-less-agenda>, [retrieved July 14, 2024].

⁵⁵ Leonard, Mark, Constanze Stelzenmüller, Nathalie Tocci, Carl Bildt, Robin Niblett, Radoslaw Sikorski, Guntram Wolff, Bilahari Kausikan, Ivan Krastev, Stefan Theil. Europe Alone – Nine Thinkers on the Continent's Future without America's Embrace. In: *Foreign Policy*, July 1, 2024. <https://foreignpolicy.com/2024/07/01/europe-us-nato-russia-war-geopolitics/>, [retrieved July 14, 2024].

⁵⁶ Patrik Andersson, Frida Lindberg. National Perspectives on Europe's De-risking from China. A Report by the European Think-tank Network on China (ETNC), June 2024. https://www.clingendael.org/sites/default/files/2024-07/ETNC2024_National_Perspectives_on_Europes_De-risking_from_China.pdf, [retrieved July 14, 2024].

⁵⁷ Aylott, Nicholas, Gianfranco Baldini, Spyros Blavoukos. The UK and its Neighbours: Views across Europe. University of Warwick, June 27, 2024. https://warwick.ac.uk/fac/soc/pais/people/kassim/21379_uow_uk_and_its_neighbours_report_final.pdf?mc_cid=6ee60a9059&mc_eid=2af4a6f2fc, [retrieved July 14, 2024].

need to reflect carefully on how best to achieve this balance and manage the inherent trade-offs. Effective communication between citizens and the EU institutions is essential to sustain democracy, and to permit policy efficacy.

- Strategic autonomy in defense is only feasible if European diplomacy is able to achieve a significant reduction of tensions in Europe and the neighborhood of the European Union, also in the Middle East; especially to enable a negotiated settlement of the war in Ukraine in line with art. 2 of the UN Charter, and in the context of an appropriate European Security Architecture secured by an enforceable treaty. This is particularly important because of the continuing shift in the national security focus of the United States towards the Asia-Pacific region, and the strains that this will introduce in NATO. The most effective means of achieving strategic autonomy is for the European Union to focus on its distinctive competences and complete advantage, which cannot be military power projection, but could be effective deployment of diplomacy, focused on conflict prevention, management and resolution, and in association with other advanced economies and major emerging powers, on rebalancing the global economic system, and through the UN Summit of the Future, the global institutional architecture.
- The EU needs to use its moral standing – what Robert Kagan called its “Kantian” orientation in 2003⁵⁸ – to help shape a more stable and beneficial neighborhood and a less fractured global context. Within that framework, it will also be able carefully to calibrate a viable Marshall Plan with Africa, and to draw in other states with an interest in constructing a more constructive global context for collective action. All these objectives are closely aligned with the values and underlying principles of the European Union.

⁵⁸ Kagan, Robert. *Of Paradise and Power: America vs. Europe in the New World Order*. Carnegie Council for Ethics in International Affairs, February 4, 2003. <https://www.carnegiecouncil.org/media/series/39/20030204-of-paradise-and-power-america-vs-europe-in-the-new-world-order>, [retrieved July 14, 2024].

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The European Way of Life: A Future and Not Just a Past

Harold James

I Introduction

In the United States, and in much of the “non-western” world, sometimes known as the Global South, there is a widespread feeling that the European age is definitively over. In the rearview mirror it appears as the age of an unjust, outdated imperialism. How does Europe deal with its past? Does it still have something to say? Could it possibly still be a source of inspiration in dealing with multiple global challenges? This essay explains how Europe might address geopolitical challenges, and provide new models for working and living, and for politics.

Historical parallels are always problematical, and the best ones may be quite remote. The Covid pandemic has revolutionized life in a longer term – that is quite different to the short-term effects of disruption, diseases and mortality. It will, I believe, be remembered as having a similar effect to the Black Death of 1348 – an unimaginable disaster that shocked many traditional assumptions, behaviors and values, to such an extent that it provided a spur to a new era of greater prosperity and cultural brilliance. What followed the disruption of the plague era? The Renaissance, a reexamination and reconceptualization of thought, the economy and politics. The Renaissance was obsessed with reimagining the future, and the term utopia, literally “no-place,” originated then. What utopias could we now draw on?

Today, the equivalent of the Renaissance are the AI applications which are already transforming our lives. Previously, people were astonished by Moore’s law, first formulated almost sixty years ago, in 1965, which explained how the number of transistors in an integrated circuit, what is now called a chip, was doubling every two years. Then the prediction was that that relationship would hold for at least ten years. It held for over fifty. Today’s computing power, however, is increasing even more quickly, and the industry leaders are predicting a move to Artificial General Intelligence within a space of five to twenty years. The pace of innovation is almost unfathomable, and traditional concepts and preconceptions are being shattered. Like the Renaissance rediscovery of classical Antiquity – but in an infinitely magnified way – the development challenges existing concepts, and many even see AI as a replacement of divinity. Yuval Hariri depicts AI as making men into gods, and in the process destroying democracy. In his analysis, robotic brains will “destroy the common conversation” between humans, which is essential for democracy.⁵⁹

In this setting, every society – every area of the world – imagines ways in which it will be affected. Frequently – across the political spectrum – the thinking comes in terms of competitive outcomes. There are landmark reports on competitiveness by Enrico Letta and Mario Draghi. Letta proposed a “fifth freedom” dedicated to research, innovation, knowledge and education.⁶⁰ Draghi insisted that

⁵⁹ Harari, Yuval Noah. *Homo Deus: A Brief History of Tomorrow*, London: Vintage, 2017. see also: <https://www.cfhu.org/news/hebrew-us-yuval-harari-ai-could-be-the-t-rex-that-will-destroy-democracy/>.

⁶⁰ Letta, Enrico. *Much More Than a Market*, April 2024. <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>.

research and innovation be made a “collective priority.”⁶¹ The controversial Hungarian Prime Minister Victor Orbán added his voice to the idea that Europe needs above all to be more competitive.⁶² The diagnosis may be right, but it is unclear that the diagnosticians have remedies.

Europe, apparently losing out in a global game of challenge, is particularly prone to develop doom scenarios. Emanuel Macron warned in his second, 2024, Sorbonne speech, “We must be clear about the fact that today, our Europe is mortal. It can die. It can die, and it all depends on our choices. ... There are grand narratives that inspire the planet, and Europe is increasingly consuming narratives produced elsewhere. This means we are unable to shape the future.”⁶³ He then proceeded with a dramatic gamble on the dissolution of the National Assembly, producing an un-governability and a fractious chaos that only made it much more likely that the old concept of Europe would die. And, well, the truth is that no one can really shape the future – or alternatively, if we would like to think of AI as having features of divinity, it may. So the question should really be: How in the midst of a surge of radical technical change can we get to grips with the unknowable and the unthinkable?

II Reimagining Geopolitical Competition

The world is currently consumed by geopolitical competition. Many assume that the “West,” Europe and the United States, is losing. The “West” is inexorably losing its economic advantages. Its share of world output is shrinking, and it doesn’t make much difference if we look at the US, or the EU, or the G7. The old powers are clearly not what they once were.

The West still shapes some events. The United States is still by far the world’s dominant military superpower. European NATO members are, contrary to popular belief (especially in the United States), spending a great deal. Calculated to take into account actual costs and wages, Europe has a great deal more bang for the buck: The annual spending of the NATO partners in 2023 was 47.3 percent of the American level, but when adjusted for their lower costs it stood at 78.5 percent.⁶⁴ By another standard, though, the European countries are not spending very effectively. The military budget is segmented into national defense projects, linked, in the larger countries, such as France, Germany, Italy and the UK, to national defense industries. There are powerful lobbies that obstruct a higher level of coordination. Europe will need to rethink because of the double effect of the Russian attack of 2022 and uncertainty about the future stance of the United States.

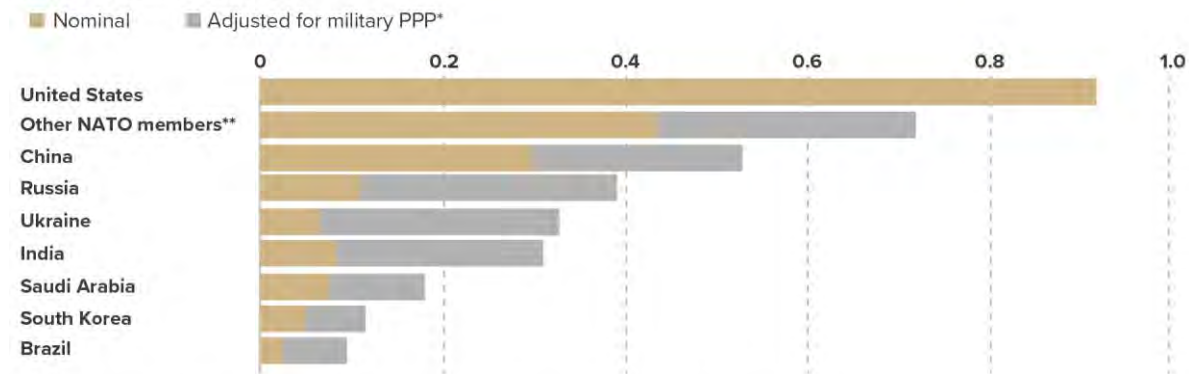
⁶¹ <https://www.eunews.it/en/2024/06/14/draghi-we-need-more-innovation-yes-to-tariffs-as-long-as-they-are-constantly-assessed/>.

⁶² Orbán, Viktor. “Hungary’s plan to make Europe competitive again,” *Financial Times*, July 1, 2024.

⁶³ Text of speech of April 25, 2024, <https://geopolitique.eu/en/2024/04/26/macron-europe-it-can-die-a-new-paradigm-at-the-sorbonne/>

⁶⁴ How countries rank by military spending, *The Economist*, May 7, 2024.

Military spending, 2023, \$trn



* Purchasing-power parity, adjusting spending to reflect cost and wage differences with the United States

** Includes Sweden and Finland

Source: SIPRI; Peter Robertson; The Economist.



The difficulty is that spending may not matter. What is crucial is the balance between offense and defense. On the face of it, the “West” faces an insuperable challenge that has been highlighted by what can be thought of as a proxy war since 2022. Attacks by challengers to the system are cheap, and can be carried out by relatively poorly trained forces with cheap drones and missiles. Defense is possible, but very costly. The cost of the Israeli defense against the Iranian attack on April 13, 2024 is estimated at \$1 billion, orders of magnitude more than the cost of the Iranian missile onslaught.⁶⁵

Some of the adherents of the thesis of strategic competition believe that careful controls on the export of cutting-edge technology will perpetuate the US advantage. US Commerce Secretary Gina Raimondi, a former venture capitalist, has set out a scenario in which US technology could be unplugged or disconnected from rival and threatening powers. That would allow the US to win, not just manage, that strategic competition.

That hypothesis however underestimates the extent to which AI, and the imminence of a move to Artificial General Intelligence, will transform even the old notion of competition between states. It will be impossible to build hedges, or Great Walls, to separate national spheres. The promise and achievement of AI is precisely interoperability, so that all systems, however differently constructed, will have the ability to talk somehow to each other.

This revolution will create a new reality, and with it a new political vulnerability in every part of the world and every political system. A universal capacity of AI, with easily developed new uses and applications, will put a premium on effective policies, with measurable outcomes, in crucial areas of policy, in respect to well-being, health, education. The competition of nations will be measurable. It will be possible to know more about other countries, and about the reasons why they may be doing better or worse.

The results of AI research become quickly available, and the productivity gains arise out AI applications, not the fundamental models. In that sense, they are like the drones: cheap, practical and easily used by anyone in the world. In consequence, it does not matter that Europeans have lagged in large AI models. What will matter is how they apply them in areas such as medicine or teaching,

⁶⁵ Middle East Eye, April 14, 2024, <https://www.middleeasteye.net/news/israels-defence-against-iran-attack-overnight-likely-cost-over-1bn>

and it is precisely in these domains that Europeans may discover some quite substantial advantages, some winning formulae for the world of the next twenty years.

III Reimagining Living and Working

Long before Covid, strains had appeared in peoples' lives, especially in the industrial countries. There wasn't much inflation, but some things were getting more and more expensive, and they were the crucial determinants of life quality. Education, health, housing, all were becoming dearer, as well as harder to access. The feeling of being excluded from high-quality provision of all three became more widespread; but was especially pronounced outside major urban centers. There it contributed to the surge in so-called populism across the world, usually in the form of a right-wing nationalistic version that turned against the "global elites" who had good education and health, and lived in beautiful apartments and houses (or on yachts).

Fortunately, all that is changing. There is less need to worry about scarcities of teachers, because the best quality education is now – and will be in the future – available to anyone who has an internet connection. Already now, the level of precisely targeted instruction in electronic courses – such as those offered by the Khan Academy – is superior to that in any school. Even in small class sizes (which are often hard to achieve, particularly in technically complex subjects), it is hard for the teacher to check on the progress of each student. There are frequent complains that different learning styles cannot be accommodated, that high achievers get bored and disillusioned, or that inadequate efforts are made to support those students who cannot keep up with a teaching plan. The electronic courses, by contrast, work through continuous self-testing; the answers reveal the weak spots in comprehension, so that those areas can be reinforced by new and different explanations. The result is that no student needs to be or feel excluded.

The scarcity of teachers – especially in the countryside – is replicated in medical care. There are no doctors, no more house visits, small and inefficient hospitals, an absence of pharmacies. Tele-medicine already made some initial strides in the pandemic. But there is scope for much more – and more effective – attention through Dr. AI. Devices at home can be connected to allow continual monitoring of blood pressure and metabolic data, allowing patients to see and respond to developments in their health – cultivating a greater sense of ownership – but at the same time alerting a system to potential hazards or emergencies, so that the number of acute cases can be radically reduced. Medical innovation over the past eighty years increased costs; the innovations of today are making cost reductions possible.

In teaching as well as in medical provision, the need of the future will be less for star teachers or doctors, but more for people with human skills – a fundamental humanity – that will help individuals establish an emotional connection with the new technology. A sympathetic mentor or a friendly nurse will replace old stereotypes of the bossy teacher and the arrogant white-coated doctor. The students, the patients, the consumers will value those new providers more, because they will be helped to have more control by themselves.

Some impressive empirical work already underlines what the development of AI means for productivity and compensation. A study of call-center workers showed how the use of AI changed the level of productivity between workers: It was the least skilled who benefited most from the technological change. In the call-center study, productivity, as measured by issues resolved per hour, rose by 14% on average, including a 35% improvement for novice and low-skilled workers but with minimal impact on experienced and highly skilled workers. The study concludes with the hypothesis "that

part of the effect we document is driven by the AI system’s ability to embody the best practices of high-skill workers in our firm and make it accessible to other workers. These practices may have previously been difficult to disseminate because they involve tacit knowledge.”⁶⁶

What about housing? We are already seeing a move out of some of the large metropolitan centers, with empty office buildings, and deserted restaurants. There is a relocation to smaller towns, where quality of life is better. Work-at-home allows office workers to attend meetings a few days a week, or even a month.

Europe has some unique advantages here. The continent is filled with scenically and architecturally beautiful villages, often in remote locations, but which are often completely abandoned and decaying. They can be repurposed as sites for responsible living. Numerous Italian towns and villages currently offer houses for a minimal symbolic payment. They will be places where the workers of the future, electronically connected, will work in an environment surrounded by beauty, with no tiresome commuting. There may be an infrastructure problem, but again there are technical solutions. Satellites, not telephone wires or glass cables, are crucial for data transmission. Electricity can come from solar and battery storage.

Houses in Sambuca di Sicilia.



LIZ MOHN
PHOTOGRAPHY

The societies that are currently dominating the AI race are winning at the price of increasing social disintegration. It is in those countries where the investment in AI is greatest that the most social disorganization and demoralization is occurring. Bleak political visions flourish. Donald Trump’s calling card is his dark vision of “American carnage” set out in the 2017 inauguration speech. Since 2017, the account has become ever darker – and it strikes a chord with voters. Anne Case and Angus Deaton have charted the soaring deaths of despair. There is an epidemic of loneliness. In the wake of Brexit, the British government under Prime Minister Theresa May created a ministry for loneliness. She explained, “For far too many people, loneliness is the sad reality of modern life.” According to a report last year from the Jo Cox Commission on Loneliness, more than 9 million people in Britain – around 14 percent of the population – often or always feel lonely. The cost to UK employers was estimated at up to \$3.5 billion annually. US Surgeon General Vivek Murthy called loneliness a “growing health epidemic” in a *Harvard Business Review* essay, citing a study that said social isolation is “associated with a reduction in lifespan similar to that caused by smoking 15 cigarettes a day.” China experiences if anything a more intense form of loneliness. In China, in

⁶⁶ Brynjolfsson, Erik/Danielle Li and Lindsey R. Raymond, “Generative AI at Work,” NBER WP 31161, November 2023.

part a consequence of the strict one-child policy pursued between 1979 and 2015, the isolation is extreme. The chatbot Xiaoice, created on the social platform Meeno, has some 650 million users, with an amazing 500 million Chinese men claiming that this attractive but unreal figure is their girlfriend.

AI can easily produce dystopias and disillusion, loneliness and despair. The human imagination needs something to hold on to – a way of grasping the humanity that links a past and an unknowable future. The core assets possessed by societies outside the technically driven core lie in the capacity of local traditions and identities to offer a form of mediation between individuals, bewildered by the pace of change, and the development of radically enabling technology. Maybe that too is a lesson from previous eras of transformation – as in the Renaissance. Local identities were needed and gave significance and coherence to deeply disrupted lives.

General Charles de Gaulle is often quoted as asking, “How can you govern a country which has two hundred and forty-six varieties of cheese?” Today some estimate that there are 1,000 to 1,600 French cheeses. That variety provides advantages, diversity, difference, meaning.

IV Reimagining Politics

The early 2020s provided plenty of terrifying examples of bad politics. It may console Europeans that the worst were generally outside Europe – or at least not on the European mainland, as Brexit Britain ranks among the direst cases of incompetence and fecklessness. In the United States, a 78 and an 81-year-old man secured the nomination of their parties for the presidential election, even though both showed very evident signs of senescence and mental decline. In Russia, a leader self-isolated fanatically in the aftermath of Covid and then prepped himself by reading old historical accounts of his country’s rise to greatness. In China, a leader overturned an established convention about a two-term leadership, set his thought up as a parallel to that of Chairman Mao, and turned against the tech giants who had driven China’s amazing economic rise. It is clearly risky to oppose autocrats; and we should admire the courage of Alexei Navalny and Volodymyr Zelenskyy. But where is the courage in the democracies? People are demoralized, and politicians actively abet the increasing demoralization.

We need more courage. But it needs to be the right kind of courage. The German language is peculiarly helpful. It distinguishes between different varieties of courage, *Mut*. There is *Demut*, humility, in which we apparently restrict our *Mut* in order not to offend. Theodor Fontane, in a telling passage in his beautiful novella *Cecile*, puts into the mouth of an aged court preacher a beautiful explication. *Demut* is appropriate in the face of the Almighty and all-knowing God. But with humans, it may be no more than a mark of weakness. Or there is arrogance, *Hochmut*, “the root of all evil, which led even angels to fall.” Or cockiness, *Übermut*, when you attempt to do something impossible. Or *Tollmut*, an older German word, where mad desperate recklessness has the upper hand.

Let us apply these terms, over-simply. The EU, over-confident that it can use soft power to augment, or maybe supplant, American hard power, is suffering from excess *Demut*. The United States meanwhile is too confident that it can go on doing what it has always done: That is arrogant *Hochmut*. The Chinese idea of building a new form of globalization around the Belt and Road Initiative, without any allies (except North Korea), but through infrastructure and creating debt dependencies is shooting too high, *Übermut*, for a large middle-income economy. And what Russia did to Ukraine is simply reckless *Tollmut*.

Fontane's preacher concludes his homily: "Between arrogance and humility, there is a third way, courage" (*einfach der Mut*). But how to get there?

We might also think of another German term, the older, indeed antiquated, *Freimut*, used particularly conspicuously in the Luther translation of the Bible to render the Greek *parrhesia*: boldness in making arguments. At the beginning of *Acts of the Apostles*, Peter and John are held captive before the High Council, but they speak. When the established religious authorities "saw the boldness of Peter and John, and perceived that they were unlearned and ignorant men, they marveled; and they took knowledge of them." And at the end of the *Acts*, Paul arrives in Rome, in an attempt to see (and convert) the Emperor, but he is placed under house arrest: "And Paul dwelt two whole years in his own hired house, and received all that came in unto him, preaching the kingdom of God, and teaching those things which concern the Lord Jesus Christ, with all confidence, no man forbidding him."⁶⁷

That was the right, but also the duty, to free expression that citizens had in the public assemblies of Athenian democracy. It is also often rendered as the responsibility to speak truth to power. Citizens had to provide reasoned arguments for the discussion on the Areopagus, without considering how their fellows would regard or think of them. *Parrhesia* hundreds of years later produced the flourishing of the Renaissance with the belief that ideas and arguments should be testable as well as contestable.

Parrhesia is the key to rescuing humanity – but also democracy. *Parrhesia* is the one attribute that autocracies *must* repress. By repression, they limit their own actions, their own capacity to make decisions, and their own effectiveness. So in a longer-term perspective, autocratic Russia will not win this war, cannot win it. China's renewed autocratic push against the so-called tech giants who had been at the forefront of the AI revolution, is stymying the capacity to adapt. The challenges of AI require societies fundamentally to change and reorient themselves. Such reorientation cannot be shaped from above: It involves a blossoming of *parrhesia*.

But we are also already in the process of transformation. We in the West, in Europe and the United States, need to rethink the processes of democratic engagement. Political parties, in particular, are losing their hold on voters in almost every country, losing their capacity to engage the imagination of voters, and to act as an intermediary between the people and legislative and executive authority. As parties move to the extremes, whether on the right or on the left, they lose coherence, and start to fragment into fractious groupuscules: a phenomenon that affects the AfD, the Brexit movement in the UK, the Rassemblement National in France, but also the Nouveau Front Populaire.

Disintegration and fragmentation may provoke a search for new solutions. In the Middle Ages, Italian city-states reimaged their governance, inviting outsiders in for a limited term to act as chief executive officer, *podestà*, so that the leader would not be a captive of powerful local interests.

Another model might also be helpful. The mainstream twentieth century tradition relied on the competition of two parties, usually centrist, which alternated with each other. This pattern has been breaking down since the 1990s, and is now almost everywhere in disrepair, and people shift to populist parties that define themselves as against the system. The development in France in which mobilization shifts to the extremes is deeply worrying. One of the few exceptions to the political

⁶⁷ Acts of the Apostles 4:13; 28:30-31 (King James Version).

erosion of democracy is Switzerland, where all the parties are in the government, and politicians and electors need in consequence to think about how to make adaptations and incremental changes.

The challenge might be to combine both these operating systems or rules of the game, that of the medieval choice of city-state in favor of an external arbitrator with a constant engagement of citizens in the making of democratic decisions. Both would represent a move away from the hold of parties that have lost their power to persuade and engage. It would be a sharp departure from the existing state of interest-driven groupthink that is leading some democracies into chaos and ruin. In that new vision, there would be an outside authority, but it would be one that has the confidence and the involvement (or what is often called “ownership”) of all the people, not just a large part, one that would have a generalized democratic legitimation.

In these strange and challenging circumstances, the answers may appear like science fiction. Can we imagine the democratic process as running in parallel to electing actual people to design and select algorithms that run the basic routine parts of government? There would no longer be a need for voters to accept the bundles of issues brought to them in menus by the political parties. Different proposals – for instance for the level of taxation, the share of public spending devoted to investment, etc. – could be voted on and then built into the calculation that would represent a cumulation of public debate and public wishes. Would it be conceivable that in a democracy it might not just be a real person who would be elected, but also a democratically legitimized algorithm? And would that be another triumph of Western ideas, born out of a social life built on secure localisms and the honest deployment of *parrhesia*? This is perhaps the glimmer of the future with which at present we must console ourselves.

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Nothing Quiet in the East

Jürgen Wertheimer

I Eastward Enlargement

“Eastward enlargement” – a fraught term that suddenly opens up the barely healed wounds of Europe’s fateful history of demarcation and configuration. Part of a perfidious Russian “narrative,” as one often hears recently? Or geopolitical reality? However one interprets the dynamics of the current political shifts, the fact is: The door to a new Europe encompassing East and West has been slammed shut for a long time to come.

People everywhere are currently celebrating NATO’s 75th birthday and 20 years of the EU’s “eastward enlargement.” Yet in view of the ever-escalating war between Russia and the West, it is hard to adopt a celebratory mood.

The door between East and West is no longer creaking on its hinges – it has been blown off. The passageway has been bricked up for the unforeseeable future.

How could it come to this? After the fall of the Berlin Wall, the collapse of the Communist system and the dissolution of the Warsaw Pact, why have East and West faced off against each other, more irreconcilable than ever before? Why were we unable to benefit from the momentum generated by those historic turning points?

It is worth pausing for a moment to imagine Europe as a geopolitical reality from the other side. Starting from the vast Siberian landmass, which stretches across 7,000 kilometers, from the Pacific Ocean in the East to the Urals in the West, and which borders China, Mongolia and Kazakhstan to the South. Anyone who, like the Japanese author Yoko Tawada, approaches Europe by journeying from East to West on the Trans-Siberian Railway must have the impression, after days and nights of travel and finally arriving in Moscow, that they are already in the heart of Europe.

Seen in this light, it is more than astonishing that these overpowering realities have not prevented “Central Europe” from demonstratively expressing its dominance over the centuries. Culturally, France shaped Russia for a long time. Poland was and is almost torn apart by hegemonic claims between East and West, as is true of Ukraine. During the Third Reich, the entire East was to be redefined demographically and culturally – to put it mildly.

This is not the place for apportioning blame or engaging in partisanship. The fact is that, despite glasnost and the fall of the Wall, little has been done in the last 30 years to mend the rift. In the meantime, all hope of building bridges has literally been laid to waste in the medium term.

The relationship with Russia has been destroyed and will remain so for years. NATO and the EU are currently spreading a kind of strategic umbrella over the countries in between, which is of course necessary now, but in the medium term more likely to hide the differences than make use of them. For many countries “in between,” Europe is both a savior and a wedge. After all, the actual situation is quite different, much more complex. The question here is not this *or* that, but this *and* that. It is not to whom Poland, Estonia, Ukraine “belong,” but how to deal with the fact that they are “somehow” shaped by both the West and the East, and that the true Europe of the future will draw breath from both lungs – as Pope John Paul II once said.

There are signs of hope – albeit well beyond current events. No matter how deep the cuts, they cannot prevent cultural biotopes from taking root between cracks in the walls, thereby creating connections and ensuring that metropolises such as Krakow, Prague and Budapest were and will remain repositories of memory – the memory of “in between,” of coexistence, with all the attendant risks and side effects. After all, we know that spaces of plural-culturalism are not paradise, but usually mined territory, and all it often takes to turn a de facto togetherness into bitter antagonism is a single spark. The European idea’s explosive power lies in its ambivalent role between inclusion and exclusion. It creates needs, expectations, hopes – but also frustration, aggression and defensive reflexes.

In one of his astute essays, Polish author Andrzej Szczypiorski once compared Europe to an “aunt” of a certain age: “This aunt loved to give good advice, she talked a lot, had a suitable answer for everything, but almost never stirred from her sofa herself.”¹ And, one might add, she was very careful about who was allowed into her well-appointed apartment and who had to remain outside.

Whether one wants to admit it or not, people “from the East” have rarely been among the privileged guests, not to mention fellow residents. It’s a reflex that did not stop at minorities. Joseph Roth’s essay “The Wandering Jews” describes how “Western Jews” in Berlin, Vienna or Paris found nothing more embarrassing than when relatives from the “East,” from Galicia or Bukovina, suddenly appeared on their doorstep wearing kaftans and sidelocks, bringing down or at least jeopardizing the facade of assimilation they had painstakingly constructed. It’s a stark example which shows how we tend to keep the countries of the East at a distance mentally.

II The Maidan Wound

Even recent events teach us how near and scorchingly relevant historical experiences still are for Europeans and their actions, be it in the East or West. Example: the “Maidan” or “Euro-maidan” protests in Kyiv, as they were called in 2013/14. The protesters pointedly referred to “Kievan Rus,” the old Russian empire that can be seen as the nucleus of what eventually became Russia. Back then, “Kievan” and “Muscovite Rus” were in permanent competition with each other, a situation that gained oppressive topicality during the protests: People defended – with almost archaic force – the patriotically transfigured image of this vanished Kievan-Ukrainian world. “Glory of Ukraine,” a poem by Yevgenia Belorusets, became the quasi-sacred anthem of those weeks in the symbolic square.² What the West did not understand and still does not want to understand is that the protest against Russia’s hegemony in no way means that Ukrainians now want to throw themselves completely into the arms of Europe (the West). Above all, it expresses the eminent longing for autonomy.

Naturally, they were hoping for Western support. But apart from non-binding expressions of sympathy, little arrived in 2014 and in the 10 years that followed.

“Maidan” is now history. The conflict continued to gnaw on and escalate at the edges of Europe, e.g. for almost 10 years in the Donbas. Despite two ceasefire agreements,³ despite a temporary

¹ Szczypiorski, Andrzej. *Das Wahre, Schöne, Gute*. Zürich: Diogenes, 1990, p. 11.

² Belorusets, Yevgenia: *Ruhm der Ukraine*. In: Dathe, Claudia; Rosteck, Andreas (Hrsg.): *Maidan! Ukraine, Europa*. Berlin: Edition FotoTapeta 2014, p. 55.

³ Minsk I: https://en.wikipedia.org/wiki/Minsk_agreements#Minsk_Protocol.
Minsk II: https://en.wikipedia.org/wiki/Minsk_agreements#Minsk_II,_February_2015.

lull and widespread disinterest on the part of Western public opinion, the conflict lasted until the all-out Russian invasion of Ukraine in February 2022.⁴

Previous revolts such as those in Budapest (1956) and Prague (1968) also tugged at the hinges of a Europe that only ever reacted half-heartedly. The doors merely opened a crack. The founder of the Solidarność trade union, Lech Wałęsa, owes his breakthrough far more to the Vatican than to Europe's institutions.

The asymmetry of cultural relations between East and West is striking. The Latin language and classical texts were absorbed by countries such as Poland, Czechia and Russia, while German and above all French culture were regarded as exemplary and almost revered in 18th and 19th century Russia. Yet a counter-movement was only occasionally noticeable in the West: At best, the great Russian novelists made the leap westwards. With them, a broader interest in the culture of the East arose, often overlaid with transfiguring, romanticizing ideas: First and foremost, the cliché of the "Russian soul," the sorrowful world view, fascinated people from the very beginning. Fyodor Dostoyevsky introduced this trait, allegedly shared by his compatriots, in his *A Writer's Diary* in 1873. Adherents of Western culture who believed in progress encountered this purported passivity and saw their negative prejudices confirmed. They believed themselves to be superior to the "backward" and diffident Russians. These racist tropes were reproduced again and again.

Russian suffering is passive and offers no resistance – such hasty judgments and condemnations, however, overlook the enormous will to resist and the ability to elude domination and barbarism. Prison camps and exile, even torture and the threat of execution could not deter authors such as Pushkin and Dostoyevsky, Lermontov and Mandelstam from engaging in an uncompromising struggle against the machinery of oppression.

We know that the School for Dictators (to quote a Latin American writer) is indeed an excellent training ground for learning coded writing – and yet it is a curriculum we would gladly do without. In any event, there is not the slightest reason to derive from it a dubious quasi-religious mystery of suffering and martyrdom. The satiated West could learn far more from the courage, determination and rigor of its Eastern European colleagues.

In no way would I deny that there are significant differences between the mental and cultural fabric of Russia and the West. And yet, even if there are quite a few who, in a kind of knee-jerk reaction, warn against the consumption of allegedly toxic Russian literature, a look at precisely this demonized genre is sometimes very helpful in order to fathom such differences.

III The Wisdom of Literature

We are all familiar with the comparatively moderate demise of Fontane's Effi Briest, who simply dies discreetly after the breakdown of her marriage to Innstetten. In Tolstoy, on the other hand, a dramatic suicide takes place on the open stage: Anna Karenina throws herself, eyes open, under the wheels of an oncoming train. It's a deliberate act of revenge and punishment for the abuse inflicted on her. She perceives society's distancing itself from her as "torture" and "agony" and her adulterous encounter as an apocalyptic fall from grace.

⁴ https://en.wikipedia.org/wiki/Russian_invasion_of_Ukraine.

“Shame at their spiritual nakedness crushed her and infected him. [...] And with fury, as it were with passion, the murderer falls on the body, and drags it and hacks at it; so he covered her face and shoulders with kisses.”⁵

Compared to these ominous, demonic eruptions of religious punishment fantasies, the “European” novels *Effi Briest* and *Madame Bovary* seem almost sober and tame. *Anna Karenina*, on the other hand, lives in a world of raging emotional addiction and self-administered emotional shocks.

Not unlike in Dostoyevsky’s *Crime and Punishment* – where, in a text penned by an author who felt the full force of the system (having nearly been executed), the introspection and agonized exploration of uncharted emotional worlds is, over the course of 600 pages, taken to an extreme using the example of one character. The deed: the premeditated murder of two sisters. Just like that, without scruples, as an experiment. Dostoyevsky portrays a haughty, occasionally cynical character – above all, however, a bundle of nerves completely focused on itself, nerves as the sensors that relate everything to itself.

A character in the labyrinth of his thoughts, axioms, reflections, observations, emotions. He dropped out of law school. Has no money, no friends, no desire for friends. Feels disgust at the thought of others, a fear of loneliness. He is addicted to being alone, is absent-minded in a lucid way. Thus, Raskolnikov drifts, wanders, roams slowly, apparently indecisively through the streets of the poorest quarters of St. Petersburg. A ragged Hamlet nearing his end.

Roughness of thought, hyperaware sensitivity, cold intellect and sentimentality all alternate haphazardly, just as complete sobriety in addressing the situation does with autistic withdrawal, self-interpretation, self-exposure and self-loss.

One will search in vain in the West for a novel of such a dizzying, labyrinthine density and emotional range, and in this – not in the bland notion of an inert desire to suffer – lies, in my opinion, a key to a better understanding of the peculiarities of Eastern culture. In the West, such proceedings can be found in psychiatric wards. Here one plunges into the abyss of reality. Before it experienced the Party’s dogmatic whip, Russian realism was a battlefield of ideologies and worldviews subjected to merciless vivisection. For Europeans, these texts were a glimpse into foreign worlds – more precisely, this was how one kept the truth at bay. After all, it was only Russia – a distant, distant world.

The authors themselves did not see themselves as exotic, but as doctors in the fight against what they saw as a Western-degenerated, snobbishly decadent class society. We can spin it any way we like: In pre- and post-revolutionary Russia, two immense and sharply differentiated parallel worlds lived side by side – and against each other: the Western-oriented nobility and upper middle classes, and the “workers and peasants” trapped in Orthodoxy and poverty. Tolstoy and many others attempted to offer alternatives or pave the way for them. His own estate became a popular educational institution for training “the people” and its creativity, something that had been suppressed for centuries. As a fool in Christ, wearing a peasant’s smock he turned his estate upside down, trying with the same seriousness to revolutionize the whole world. Confronted with a society of poses and an art of poses and imitations, he undertook a search for originals. He was determined to create his backward-looking utopia of “folk art.”

⁵ Tolstoj, Leo N.: *Anna Karenina* [1877]. Aus dem Russischen übertragen von Fred Ottow. München: Deutscher Taschenbuch Verlag 1978, p. 183.

An art whose only benchmark is a redeeming liberation from the sterile hermeticism of duplicate feelings. A new emotional culture of sincerity was to be developed based on the collective communication of “sincere” (not “beautiful” or “good”) feelings. Again and again in a multitude of aesthetic writings, he repeats and expands his credo of a “popular” poetics, whereby the social aspect of the class struggle becomes ever more prominent.

The same radical obsession with truth can be seen in the much younger, scientifically trained Chekhov. He belonged to the generation of those who grew up in Russia’s darkest times. The tragic death of Tsar Alexander II ended an era of great hope and effort to overcome the giant empire’s “backwardness.” All major reforms, even the abolition of serfdom, which had been introduced in the 1860s, were seen as misguided decisions, and a rabidly reactionary course was adopted in their place. The scientist and anarchist Pyotr Kropotkin vividly illustrates the force of this setback:

“The Western European will never understand the depth of despair and the hopeless sadness that seized the intellectual part of Russian society in those years, when it came to the conclusion that it was incapable of breaking the inertia of the masses. In the fifties, the ‘intellectuals’ at least had full faith in their own strength; now they had lost even that.”⁶

It was during this time that Chekhov began to write. He became a chronicler of the mental and intellectual bankruptcy that weighed like a nightmare on Russian society. In a letter dated November 25, 1892, he noted:

“We have neither short- nor long-term goals, our hearts are as if swept clean. We have no politics, we do not believe in revolution, we have no God, we are not afraid of ghosts [...] whether this is a disease or not – it is not a question of descriptions, but of admitting the truth of our situation.”⁷

Some of his most important plays, *Uncle Vanya*, *Three Sisters* and *The Cherry Orchard*, emerged from this determination to acknowledge the situation and not gloss over it with pathetic phrases or ludicrous attempts to bestow meaning. The fateful question of “What shall I do?”, “What shall we do?” also hovers over his texts, sometimes with an ironic tone. In contrast to Tolstoy, however, it is accompanied by the sobering answer: “I don’t know. I really don’t know.”

And although he conveys precisely this insight again and again in his plays and stories, Chekhov still speaks to us today like no other. Not because he sends us spinning into the throes of depression, but because he knows how to meticulously trace the state of lethargy, soberly analyze it and, to a certain extent, expose it to ridicule. He shows us every conceivable type. Ciphers convinced of their dignity, worn-out military commanders, old maids drunk with longing, noble icons in semi-mourning, washed-up academics, failed careerists, wraiths staring into a yellowed past, consumptive visionaries of a vague future, headmistresses debilitated by migraines, inept pseudo-philosophers ... all entangled in an impenetrable isolation, in loneliness, victims of a time oppressively stood still.

Deeply impressed and shocked at the same time, his colleague Maxim Gorky wrote to Chekhov: “It seems to me that you are colder to people than the devil. You are as indifferent to them as

⁶ Kropotkin, Peter A.: *Ideale und Wirklichkeit in der russischen Literatur*. Autorisierte Übersetzung von B. Ebenstein. Neu herausgegeben von Peter Urban. Frankfurt am Main: Suhrkamp 1975, p. 314-315.

⁷ Tschchow, Anton: *Briefe 1892–1897*. Herausgegeben und übersetzt von Peter Urban. Zürich: Diogenes 1979, p. 70.

snow.”⁸ And he was right, at least in part. Chekhov, a trained physician, dissects the brains and bodies of his utterly destroyed characters with merciless precision – a pathologist of shattered nerves. If one were to deduce from this that he fancied himself a superior cynic, one would be mistaken.

Spending his nights writing, he continued to work as a doctor during the day with the same dedication. He practiced mainly as a doctor in the Moscow suburbs, supplied farmers with medicines, worked to prevent cholera outbreaks, set up schools for peasant children, built houses and libraries. He did not speak of “goodwill,” but practiced it in everyday life. His plays and stories shatter human illusions and reveal his abject, miserable side.

This hidden impulse, which is anything but moralizing and yet moral, has largely disappeared from Western literature and culture, as if the West had run out of moral breath.

The extent to which Russian literary history is also a history of the “aesthetics of resistance” is demonstrated not least by Mikhail Bulgakov’s novel *The Master and Margarita*. Bulgakov worked on this novel for 12 years, from 1928 to 1940. In it, he uses literary means to address the great “purges” of the 1930s. Cut by around an eighth by the censors,⁹ the work was published in installments in a literary magazine from November 1966, and the magazine’s circulation exploded as a result. Many subscribers read through the novel within a very short time and were able to recite it by heart. Group readings were organized. The novel was discussed in public. The parts that were cut by the censors were copied by hand and distributed secretly. Under Stalin, the Soviet Union had developed into a total surveillance state. Its almost irrational and yet incredibly persistent bureaucracy turned the country into a caricature of itself. Tyrants and bureaucrats, orthodoxy and the Party held the country in an iron grip, trying to nip all individualism in the bud.

Many of the most influential novels that examine the power of totalitarian systems incomprehensible to mere mortals as a way of elucidating their hidden mechanisms were not written in the West, but on Europe’s Eastern fringes. When Kafka wrote *The Trial* at the beginning of the First World War, the tectonics of “old Europe” had already shifted and cracked beyond repair. A new epoch was on the horizon, and despite all the pretense of unity, the fissures in the continent’s imperial façade could no longer be overlooked. In addition, Kafka – as a German-speaking Jew in Prague – was already operating in a cosmos in which questions of “belonging” were difficult to parse, but were becoming increasingly pressing. In *The Trial*, everything revolves around the conundrum of how one can act and not succumb to the undertow of an abruptly activated system. Kafka’s poetological idiosyncrasy, which made him popular in other countries from the 1920s onwards, is particularly evident in this novel.

Not looking for coded messages or psychograms, not judging or condemning characters, but attentively considering their behavior, their statements, their thought processes, vividly imagining them and the situations they find themselves in – if you read *The Trial* like this from page one, you are initially taken aback by K.’s strange reaction when he is arrested. Without having done anything wrong – so one assumes – or without knowing he has done anything wrong, K. immediately begins

⁸ Quoted from: Urban, Peter: *Über Čechov*. Zürich: Diogenes 1988, p. 347.

⁹ https://en.wikipedia.org/wiki/Censorship_in_the_Soviet_Union.

to behave as if he were guilty. He feels guilty. He's accused of being guilty. He's been made to feel guilty. He has learned, in other words, to view life as if he were a criminal standing trial.

How could he, how could we react differently in such a situation, given the plethora of offices, characters and authorities that cannot be questioned and cannot be compelled to justify themselves? Apparently, in our bourgeois world order and lawfully ordered world, we are fixated on accepting the legality and inner coherence of regulations, directives and condemnations, on tacitly presupposing them. This conditioning leads to the assumption that everything will resolve itself as an ostensible error. Here, Kafka, an Eastern European, has provided the whole world with a template for the fundamental problems of modernity.

IV Quicksand Zones (Ukraine, Poland, Bukovina, Galicia)

The giant continent long adhered, under socialist auspices, to the premise of a not always peaceful but at least workable coexistence of different ethnic groups. When the lid was lifted, the differences surged forth as if they had only been frozen in time – think of Chechnya or Ukraine. It is as if the old unfulfilled dream of Rus as the third Rome was still drifting about, resulting in an Eastern Eurozone with one center, many satellites and wide peripheries. Its counterpart is a Western Eurozone with various centers and crumbling countries. It is a constellation that overwhelms both systems, that of the West and that of the East, each blocking the other.

In July 2021, Vladimir Putin published a historical essay that attracted considerable attention. In it, he devotes a large part of his reflections to the history of Ukraine, whose population, he maintains, has shared a language, religion and destiny with Russians for centuries. According to Putin, the kinship lives on in the hearts and memories of both, in the blood ties of millions of families: “Together we will always be many times stronger and more successful because we are one people.” Analysts criticize Putin for trying to annex Ukraine's past all the way back to Kievan Rus, calling his musings alternative historiography.

The conflict over Ukraine's “affiliation” is by no means new. It was already on the international agenda almost exactly 100 years ago: After the Peace of Brest-Litovsk in 1917, large parts of Ukraine, including Kiev, came under German occupation; after Germany's defeat and the withdrawal of its troops in 1919, independence seemed within reach. But turbulent years followed: The struggle for national self-determination, uprisings against the old elites, peasant revolts, counter-revolutionary armies, anti-Jewish pogroms – all of this intertwined in the years that followed and transformed Kiev into a scene of never-ending, unmanageable conflicts. Mikhail Bulgakov, a native of Kiev, captured the unmanageableness of these social and political conflicts, which defined everyday life in Kiev in the post-war period, in his novel *The White Guard*, published in 1922.

Comparable throughlines of supposedly historical affiliation can be observed in Poland and Hungary. As mentioned, they occasionally lead to short-circuited thinking of the type: Does country X or Y still “belong” to Europe?

Short circuited because, ultimately, simple attributions or classifications only pave the way for conflicts. The Dadaist Alfred Jarry is said to have remarked about his grotesque political farce *Ubu Roi* that “the play is set in Poland, i.e. nowhere.” This phrase quickly became one of cultural history's idioms, as it succinctly describes a complex phenomenon in just a few words. On the one hand, it refers to the fact that Poland did not actually exist on the political map at the time the play was written (1888). Divided by Tsarist Russia, the Kingdom of Prussia and the Habsburg monarchy, its

was a pitiable existence. Even though Poland is now nominally a country and a veritable member of the EU, the unsettling feeling of being – from a European perspective – a peripheral, Eastern territory still resonates. A region that is anchored neither in the West nor in the East. A lost, exposed fault line. A fact that the author Milan Kundera soberly recapitulates in his 1983 essay “Un occident kidnappé. Or The Tragedy of Central Europe”:

“After 1945, the border between these two parts of Europe shifted a few hundred kilometers to the west, and some nations that had always seen themselves as Western woke up [and discovered that] they were in the East.”¹⁰

Kundera raises the question of whether Central Europe, after Auschwitz, “which destroyed the Jewish nation in this realm, had not lost its soul?” There is much to suggest that this thesis is daring, but certainly not wrong.

Eastern Jews, being more or less tolerated, were the glue, the cement, the amalgam of mixed ingredients that held these areas together internally. The mixture that people are still trying to deny and destroy today. Let’s consider Galicia or, better yet, Bukovina, which is located “somewhere” between Ukraine, Romania and Galicia. The world-famous lyricist Paul Celan came from this region, this landscape on the edge of Central Europe, a world of “people and books” – a small European conglomerate culture and Jewish refuge in one. A multiethnic land on the edge of the Austro-Hungarian empire: Ruthenians lived there, as did Ukrainians, Romanians, Jews, Germans, Poles, Hungarians, Hutsuls, Lipovans, Slovaks, Czechs, Armenians and Gypsies.

Emil Franzos (born in Galicia) once characterized Bukovina as a “flourishing piece of Europe,” a “Black Forest village, a Podolian ghetto, a Viennese suburb, a piece of deepest Russia, a piece of most modern America” all rolled into one. A biotope that is as marginalized as it is multicultural. Occupied by the Red Army in June 1940, Bukovina was recaptured by Romanian forces and the SS in July 1941, before falling under Soviet rule again in March 1945 after the reappearance of the Red Army and troops from the Ukrainian SSR.

Paul Celan (born Antschel) also represents such a “mixture” – today we might speak of hybridity. He came from an assimilated German-Jewish family, whereby his mother, who grew up in the small Hasidic town of Sadhora, spoke High German, while his father insisted that he grow up speaking Hebrew. The choice of German as the language of poetry was therefore a conscious one, documenting the connection to a specific culture. The joint reading of authors such as Kafka and Rilke, as reported by Rose Ausländer and Selma Meerbaum-Eisinger, among others, was also a cultural-political signal. The close, dynamic group exchange may have contributed in the 1920s and 1930s to the emergence of that array of images and metaphors which is always noticeable when reading German-language poems from Bukovina – and which makes this poetry unique.

However, as mentioned, this cement, which held a core European area together in a seemingly paradoxical way, was brutally hammered out again. Is it any wonder that the individual pieces broke into bits and disintegrated?

¹⁰ Kundera, Milan: Un occident kidnappé oder die Tragödie Zentraleuropas. Aus dem Französischen von Cornelia Falter. In: Kommune. Forum für Politik und Ökonomie 2 (1984), Nr. 7, p. 43.

V Missed Opportunities and Recipes for Tomorrow

Even after the historic transformation, after glasnost and perestroika, after the fall of the Soviet Union, when everything seemed possible and people sang frenetically about the wind of change – virtually nothing happened for a long time. Except that the West’s capitalist system found its way into the thinking of those in the former “workers’ and peasants’ states.” We see things more clearly in the rear-view mirror of history – not necessarily more beautifully. The question arises as to why this imaginary border between the continent’s two halves has remained, as if nothing had happened. What kind of continent might have emerged at that historic moment? A completely restructured “Planet Europe,” one that would have been oriented towards the internal, cultural borders, not those arbitrarily drawn by the “Iron Curtain,” one that would have truly reflected the reality of life for many millions of people. Why did we not react at this unique historical moment?

The smaller countries, whether Poland, Czechia or Hungary, which have been sandwiched or squeezed between two or more power blocs for decades, had no choice but to settle into an in-between state – somewhere between “Poland is nowhere” and “Poland is everywhere” (Dedecius). In psychological terms: between a complete lack of national self-confidence and extremely exaggerated national self-confidence. Andrzej Szczypiorski illustrates this hybrid mood in a vivid and unsparing way in his “Notes on the State of Affairs”:

“We show the world our wounds and graveyards in the hope of being admired. Incessantly, incessantly! In this, there is arrogance, shamelessness, pettiness, mockery and shallowness. [...] We have leased the world’s suffering [...] We graciously concede to the Jews the privilege of sharing with us the dignity of victimization. We are immensely proud of Warsaw, rebuilt after the war, as if it were the only city in the world rebuilt from rubble. In this way, we lend the splendor of legend to things taken for granted. What is all this for? To prove our uniqueness, our superiority among the peoples of Europe.”¹¹

The author knows that he will not win any sympathy with analyses of this kind, that he will be categorized as “soiling the nest.” After all, he is trying to lay his finger in the wound and call attention to a peculiarity, a defect which has developed from the sum of historical experience – and which no European Commission can eliminate in just a few years.

France, Germany, Spain and Italy are aware of their existence, of which there has been no serious doubt for centuries. It is precisely this self-assurance that the smaller countries between East and West lack. On the contrary, they have experienced again and again that they are the malleable putty in a game contested by the “big players.” In light of this experience, it is not easy to be confident, relaxed and convincing in their role – especially with a superpower such as Russia looming behind them. Occasional, seemingly forceful political gestures are part of the game’s ground rules, even if they are made only to avoid being overlooked.

In the cultural field, the opportunity to offer artistic resistance is far more interesting. It is no coincidence that great, innovative literature has often been created in the smaller countries on the European “fringe” mentioned above. Prague’s Kafka is just one example. Lviv’s Bruno Schulz with his fantastic *The Cinnamon Shops* is another. But many better known Polish authors, along with

¹¹ Szczypiorski, Andrzej: *Notizen zum Stand der Dinge*. Zürich: Diogenes 1990, p. 178.

those less well known in the West, such as Jerzy Andrzejewski, Tadeusz Borowski, Witold Gombrowicz, Stanisław Lem and Tadeusz Różewicz have also exhibited extraordinary creativity and imagination.

If Europe, if the EU bureaucracy wants to come to terms with its Eastern “satellites” in the medium term, it would be well advised to come to terms with this background – no cursory evaluation based on its own standards, no “bonus” graciously granted. A solution must and will be found for dividing the European sphere into different zones, in which different regulations will apply for some time to come. I know: an administrative nightmare. Yet that is certainly no more frightening than applying, as under the current system, a general standard to all cultures, no matter how divergent, thus creating all manner of new fault lines.

Sooner or later, Europe will have to come to terms with the fact that the door to this continent hangs on two old and somewhat dilapidated hinges that sometimes rattle and grind. It must also realize dual, split cultural identities often exist in one and the same country.

VI Warning Voices

There has never been a lack of warning voices. Yet these voices have been ignored, perhaps because they often make audible and tangible the underground rumbling, years before an eruption. Because they convey the sound of people’s agitation, fears and needs. Because they would lead to a rethink, to reflection, to action. Because they would lead to the realization that it is not so called “facts” but “fictions” that determine our reality.

And so it is now. While political and military experts speculate about the war’s outcome, it is imperative to start thinking about the months and years to come. And to break the fatal cycle of waiting for the Kremlin strategist’s next feint.

Whether Herta Müller or Svetlana Alexievich, whether Olga Tokarczuk, Serhiy Zhadan or Yurii Andrukhovych – despite their different individual positions, they all agree on the core message: Their countries are in a state of hopeless internal division. Even Alexievich, who is extremely hostile to the system, has moments in which she remembers the great Soviet era with what can almost be called nostalgia. For most, Europe remains a vague glimmer of hope, albeit one saturated with disappointed expectations.

After the war – however it ends – the disorientation, the inner resistance and contradictions will only rise to the surface even more. It will certainly not be a time of clear-cut divisions. Whoever sits at the negotiating table to tinker with a new peace order would be well advised to take the following “whispers” from the creatives into account.

1) We must learn how to deal with hybrid realities. Most countries in Eastern Europe, whether Estonia, Latvia, Lithuania, Ukraine, Poland or Moldova, have been living in a state of deep inner division for decades, often for centuries – often only subliminally, but recognizably, as reflected by the arts. In her Books of Jacob, for example, Olga Tokarczuk depicts territories with seven borders, five languages and three major religions supposedly united under the sign of one country. As she shows, it’s an extremely deceptive union. In Drach from 2014, Szczepan Twardoch depicts the dividing lines in Silesia between Poles, Germans, Jews and Silesians. In fact, there is always a hidden state of war. Even if it is often just a war of words – words of a hated and violent language.

Conflicts continue to smolder, even if there is the illusion of a temporary affiliation to one side or the other. It therefore makes no sense to insist on clear affiliation when patchwork identities are reality's hallmark. Hybrid realities require hybrid political responses and structures. Saying to some, as the EU's decisionmakers are determined to do, "We want you 'in'" while saying to others, "You still have to wait, you do not yet meet our criteria" is the greatest possible strategic ineptitude.

2) We must transform Europe into a continent of ambiguities. Whether we like it or not, we must seriously reconsider having a belt of "neutral zones" between the Eastern and Western parts of Europe, i.e. Russia and core Europe. Neutrality is not to be equated with weakness, but has a privileged status. The countries mentioned act as hinges, so to speak, that hold Europe together. As bridges and transit areas between the systems. Open to both sides, protected from both sides. An illusion, many will say, for whom the very concept of "neutrality" sends shivers of loyalty to this or that alliance down the spine. Nevertheless, we should start attempting to build this bridge and exploring its potential. As Andrzej Stasiuk does, for example, in his *White Raven* (1998), *Tales of Galicia* (2002), *On the Road to Babadag* (2005) and *The East* (2015). In them, he imagines in exemplary fashion a unity of all the regions South-East of Poland.

3) We must learn to see Europe as a mobile, fluid system. Europe has always functioned best as an open system. Constricted into rigid, strictly separated zones and divided by clearcut borders, cultural energies are almost inevitably pent up and blocked. Culture constantly proves that things can be different: Polyphony, diversity, deceptive similarities and apparent incompatibilities are some of its cornerstones. Transcultural exchange must not only take place in the fields of art and culture – it must also become the foundation of the political agenda in a viable Europe characterized by heterogeneity. Vladimir Sorokin's *Manaraga* (2017) shows what happens when we think differently: Europe disintegrates into small units, republics, dictatorships and monarchies, and books replace kindling.

4) We must learn to organize and understand Europe from its fringes. And to take its different narratives and moods seriously. In *Elephantina's Moscow Years* (2016), Julia Kissina shows that the impressions and mentalities of the past, such as Russian "cosmopolitanism," have ultimately lost none of their relevance. In *All Russians Love Birch Trees*, Olga Grjasnowa writes about the unpleasant alternative to this, about never-ending wars and civil movements on the edge of Europe (Nagorno-Karabakh).

Only if we succeed in integrating the Baltic/Eastern European and Balkan regions, as well as the regions of North Africa and the Mediterranean, in a way that preserves their autonomy and independence, will we be able to absorb the potential for conflict and ward off emerging tensions. This does not require border fences, but intelligently designed border areas. And not simply hectic re-armament – which takes years to implement – but generously designed free trade zones that improve people's lives.

All these measures can be small contributions to avoiding that which we are now drastically experiencing. Without a new, perhaps artistically complicated balance in our relationship with Russia, all of this will be of little use. No less a figure than Henry Kissinger saw this coming back in 2014 and criticized politicians for viewing the conflict over Ukraine too much as an either/or situation: Either Ukraine belongs to the East – or to the West. In his view, what would help resolve the conflict is if the country was instead seen as a "bridge" and a compromise solution was sought that would lead to "balanced dissatisfaction" among all parties involved. The stories of many authors confirm this view.

In *The Day of the Oprichnik* (2006), Vladimir Sorokin outlines the force of this menacing potential, which cannot be linked solely to the figure of an allegedly paranoid Putin: In his novel, a fictitious, volatile, powermad stooge leads the “Russian bear” in the year 2027. In Viktor Yerofeyev’s *Encyclopedia of the Russian Soul* (2021), a torn Russia also searches for a mythical force – terror – in order to become a great power again. In *Revolution* (2021), Viktor Martinovich tells of how people gain in seductiveness when greed for power becomes the strongest motive for their actions.

VII Recommendations

It would be nice if this “modest proposal” and the authors’ warning voices would find their way into decisionmakers’ thinking and not just be dismissed as interesting but annoying. As the EU’s foreign affairs representative so treacherously replied: Your project is very interesting; for us, however, it is too “complex” and “beyond the existing formats.” This is exactly where we should start trying to reprogram ourselves to a certain extent. Recipes exist for this new approach, which actually represents a renaissance. For example, in the form of the *Six Memos for the Next Millennium* by the Italian author Italo Calvino from 1983. He was looking for categories, points of reference that could be taken into the new era. He searches for and finds very special “things” that can dispel the shadow of threat. Not the usual “values” – but rather European ways of thinking and acting. A mix of speed, precision and complexity – artistic aerobatics that allow us to cope better with our complicated continent and gain a foothold on the shaky ground of “volatility,” especially in these turbulent times. Not through ponderous insistence, but through a certain **lightness** (in keeping with one of his categories). A sense of time and **speed** are also among his proposals, which are not at all moralizing. Agility to better deal with the phenomenon of surprise and asynchronicity. The dialectic of slow-moving storms and sudden lightning strikes is part of our lives, and only those who know how to achieve a certain balance will be successful. “**Accuracy**” for its own sake is nothing. The art of the mental slalom between temporary fuzziness and razor-sharp precision, however, is the creative faculty that we should train. Or, here’s another suggestion:

Multiplicity/complexity. You can put up walls and say X and Y are definitely incompatible. But you can also understand that there are more complicated relationships within and between things, people and cultures than those that can be described as black or white, plus or minus, 1 or 0. Nuances, hidden similarities, deceptive similarities, apparent differences that dissolve at second glance. We have to allow, promote and encourage ambivalent feelings and the desire to compare – not use them to create fear. Training our perception means systematically broadening the horizon of possibilities for thinking and taking action. Ballast then becomes substance, uncertainty becomes flexibility, fear of ambiguity becomes a creative desire for multiple meanings. The proposals for our training and “retraining” are on the table. It is up to us to make use of them.

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Europe's Role in an Ambiguous Global Future: Remaining a Major Power with Multilateralism

Huiyao Wang

Europe holds a significant position globally with its own unique political, economic and cultural character. Its pursuit of strategic autonomy enables Europe to act as a crucial balancer among major powers, but while Europe has numerous advantages, it also faces several challenges. In the near future, the EU may address some of these challenges by strengthening multilateral ties, including those with China and the Global South, while maintaining a balanced relationship with other powers.

I Historical and Cultural Legacy

Europe's long history has put it at the fore of the development of human civilization for thousand years. Today, the European Union wields considerable soft power and leadership in global governance through its commitment to democracy and humanitarianism. As a pioneer in the Industrial Revolution, Europe has maintained significant economic influence and its capacity for innovation. Its contributions to global culture and science are immense. Many of its renowned scientists, artists, writers and philosophers lead the way towards to the modernized future.

Geographically, Europe sits on the North-Western edge of the Eastern Hemisphere, surrounded by seas on three sides and connected to Asia in the East. Historically and presently, Europe has always played a pivotal role in the world by its political, cultural and economic strength. It is the origin of the industry revolution and has long maintained a leading position in the global economy. Wielding multilateralism as its core diplomatic value, the EU has been viewed a trustworthy partner to many countries as well as international institutions in the Post-cold War era.

Nonetheless, unlike the United States, which benefits from its vast territory and abundant natural resources, European economy relies heavily on external resources, which renders it relatively vulnerable to geopolitical turbulence. Over half of Germany's mineral resources are imported, and in 2021, 96 percent of the crude oil consumed in the EU market was imported, with 40 percent coming from Russia. Overlapped with the problems of energy dependency, the radical decarbonization policy – such as the decision to phase out nuclear powers in some of its members – pursued by the EU has worsen its energy shortage.

Unfortunately, Europe's history includes an integrated market whose formation has been prolonged and gradual. Persistent divisions and differentiation among European nations have led to numerous contemporary challenges, such as the Eurozone crisis highlighting the issues that arise from having a unified currency without a unified fiscal policy, resulting in inefficiencies in collective action. This structural weakness brewed the 2010 Euro debt crisis. Echoed with the energy crisis since the outbreak of the Russia-Ukraine war, the inconsistency of its member countries on industrial policies destabilizes the supply chain in Europe and thus raise doubts to the EU's future economic prospect.

II Pressing Challenges

Europe faces several pressing challenges. The security crisis, embedded in its geopolitics and economic structures, is a direct repercussion of the Russia-Ukraine war, while the migration crisis

and the sovereign debt crisis of the 2010s have undermined the EU's economic capacity, endangered its industrial prowess, and led to numerous social problems. Europe needs to start by addressing its energy problems and embracing the digital transformation. Although its determination to transition to a green economy is ambitious, Europe must significantly increase its investment to maintain the momentum, and partner with counterparts elsewhere to build up technology knowhow.

It is not an easy job. The rising influence of the Global South, coupled with an increasingly polarized and self-isolated United States, threatens traditional transatlantic relations and challenges Europe's global leadership. Closer to home, the rise of populism and extremism, fueled by political polarization and a sluggish economy, also poses a serious challenge to the common values composing the founding pillars of the EU.

Multilateralism, emphasized by the European External Action Service (EEAS) as "a central element of the EU's external policy," will help the EU expand its global leadership and ultimately provide solutions to its own problems.

Europe's unique position in the world is marked by both its historical contributions and its long successful participation in global governance. However, it must navigate a complex landscape of geopolitical, economic and domestic challenges to maintain its influence and stability in a world with growing uncertainties. To address its security and economic concerns, Europe needs to evaluate its partnerships with various stakeholders, including but not limited to transatlantic relations. It would be better for the EU reconsider its policy toward China – the second largest economy in the world and a leading power in the Global South – given their long-term partnership in an all-dimension sphere.

III Europe and China: A Feasible Partnership

The official relationship between Europe and China dates back to 1975, when China established diplomatic relations with the European Economic Community. In 1998, China and Europe established a long-term, stable and constructive partnership for the 21st century. Then, in 2003, they established a comprehensive strategic partnership (CSP), and the Chinese government published its first policy paper on the European Union. The partnership was further highlighted in 2013 when the two sides published the "EU-China 2020 Strategic Agenda for Cooperation."

To date, over 60 mechanisms for consultation and dialogue have been established between the two sides, covering various fields such as politics, economy, trade, culture, science and technology, energy and the environment. The EU and China have been significant trade partners for more than two decades and in 2023 China and the EU were each other's second-largest trading partners. China was the EU's third-largest export market and the largest source of imports, while the EU was China's second-largest export market and second-largest source of imports.

China and Europe have also collaborated in various other fields with fruitful results. Official science and technology cooperation began in 1981, leading to the formation of the EU-China Science and Technology Cooperation Working Group in 1991. In response to climate change, the EU and China established a climate change partnership in 2005, working together to hold ministerial dialogues and release joint statements that strengthened collaborative efforts, including the Paris Climate Agreement. Beginning in 2020, digital cooperation focused on high-level dialogues aimed at enhancing digital collaboration. Energy collaboration between China and Europe spans decades and

has resulted in agreements on nuclear energy research, clean energy initiatives and strategic dialogues. At the grassroots level, the EU-China High-Level People-to-People Dialogue, established in 2012, fosters cultural and educational exchanges.

Despite recent challenges, both sides continue to show a willingness to cooperate. From July 2018 to December 2022, President Xi Jinping engaged in a series of meetings and phone conversations with European Union leaders. In April 2023, President Xi met with European Commission President Ursula von der Leyen during her visit to China, and they met again in May 2024 during President Xi's state visit to France.

The development of China-EU relations demonstrates their mutual interest in areas that may be beneficial to the world. Climate change, a key area of interest for the EU, has been hailed by China in the past decade as it being crucial to the future of humanity. The Paris Agreement would not have been signed had there been no joint endeavor from the EU and China. So would be the WTO, had the two sides not delivered a joint statement to save the paralyzed Appellate Body of the World Trade Organization (WTO) in 2018. The EU has actually aligned with China to defend the WTO since then.

IV Future Collaboration

There are various areas where the two sides can continue to work together, despite the increasing protectionism influenced by changing domestic politics in Europe and the potential return of a more populist US president. The fundamental reason for this cooperative momentum is the reciprocal nature of the EU and China's economies, markets and global leadership ambitions, along with their determination to practice true multilateralism.

In the future, China and Europe have the potential to collaborate in many areas. As the global landscape evolves from an unipolar to a multipolar world, the international community is undergoing a transformation and current global challenges make it imperative for China, the United States and Europe, as the top three economies, to form some sort of a "G3" mechanism for regular high-level dialogue and coordination to lead the recovery of the world economy and improve the governance of international affairs. With such a platform, these three major players could put issues on the agenda and discuss solutions in areas of common concern and global challenges, thereby effecting real change.

V Addressing Security Concerns

The priority of a G3 would not be to dominate the world, but to prevent imminent global conflicts. The ongoing wars in Ukraine and Palestine have resulted in millions of people being left helpless and homeless. China is willing and capable of playing a significant role in mediating these ongoing conflicts. As a major global power with strong diplomatic ties to both Russia and Ukraine, China can leverage its influence to encourage dialogue and foster a peaceful resolution. Apart from these, China can also help the EU facilitate a possible deal in the Middle East, relieving security concerns on the EU's Southeastern border.

Concerning the growing risk of the conflicts, China has also strengthened its engagement with relevant parties in recent days. Apart from the six-point consensus jointly issued by China and Brazil in May, China's leaders hosted a visit from Prime Minister Viktor Orban, whose country took over the six-month rotating presidency of the European Council in July. The meeting was described

by Prime Minister Orbán as the third leg of his ambitious “peace mission.” The visit by Foreign Minister Dmytro Kuleba to China in July – the first visit of a Ukrainian foreign minister since 2012 – demonstrates China’s ambition to mediate the Russia-Ukraine war by bridging the two sides. The recent meeting of Palestinian factions in Beijing and the Unity Declaration signify that China is committed to regional peace and hopefully bring signs of peace to all actors in the region.

In exchange, Europe could play a pivotal role in recalibrating the complex and often contentious relationship between China and the United States. Europe is uniquely positioned to bridge this gap and foster understanding between Beijing and Washington. By promoting multilateral dialogue and encouraging cooperation on global issues, Europe could help mitigate tensions and buffer the spillovers caused by the confrontation between China and the US. Europe’s balanced approach and commitment to international norms can serve as a model for constructive engagement, encouraging both China and the United States to pursue collaborative solutions to shared challenges. Through diplomatic initiatives and strategic partnerships, Europe could significantly contribute to reducing friction and fostering a more cooperative global environment.

VI Revitalizing Trade and Investment Cooperation

Unfortunately, despite extensive common interests and a solid foundation for cooperation, China-EU relations have rapidly deteriorated over the past two years, reaching an impasse on the Comprehensive Agreement on Investment (CAI). This agreement, hailed as the impetus for a second wave of reform and opening up in China, includes many conditions and benefits not previously enjoyed by the US and establishes a more open and higher-level standard for European companies. To overcome this impasse, China’s National People’s Congress ratified the International Labour Organisation’s 1930 Forced Labour Convention and the 1957 Abolition of Forced Labour Convention in order to comply with the labor standards required by the EU. Resuming communication would help negotiations, possibly lift sanctions and ultimately revive the CAI deal to the benefit of both Chinese and European enterprises.

The latest European Parliament election resulted in a significant reshuffle of MEPs. This change opens a window for both sides to potentially lift the mutual sanctions imposed in 2021, as the new parliament is not bound to uphold the previous decisions. The removal of these sanctions could deescalate the mutual political tension and lead to recover the trade and investment cooperation between the two sides amongst the period of economic downturn.

Finally, while bilateral or multilateral investment and trade agreements seem to be on the rise, the WTO remains a central institution for promoting investment and trade facilitation, reducing tariff and non-tariff barriers, and eliminating differential treatment in international trade. It still plays an irreplaceable role in promoting trade liberalization, optimizing global resource allocation, and expanding the production and flow of commodities. WTO reforms would boost the international community’s confidence in the multilateral trading system and multilateralism itself. Europe and China should enhance their coordination in the WTO rather than blaming each other for violating WTO rules.

VII Engaging with the Global South in a Transitional World Order

A G3 should emphasize cooperation with members of the Global South to balance the gap between developing and developed countries. China, as a founding member of BRICS, has engaged heavily

with developing countries in commerce and trade through BRICS. This mechanism is an increasingly influential force in the global financial sector and political security. Measured by purchasing power parity, the BRICS countries have already outpaced the G7, accounting for 35.6% of the world's GDP compared to the G7's 30.3%. By 2028, this disparity is projected to grow even more in favor of the BRICS, with estimates showing a ratio of 36.6% to 27.8%. The robust intra-BRICS economic cooperation attracting more “middle power” nations to join. For example, in June, Turkish Foreign Minister Hakan Fidan discussed his country's pursuit of new opportunities to cooperate with BRICS in a speech at the Center for China and Globalization (CCG), a non-governmental think tank in Beijing.

The rising influence of the Global South is reshaping the world order. Sub-Saharan Africa, traditionally seen as economically underdeveloped, is being transformed after filling a veritable vacuum in infrastructure, green development and digital economy projects. Similarly, as Latin American countries have created solid economic foundations and achieved a high degree of global integration. The EU cannot overlook the significant economic and social benefits of these markets. An established G3 could unleash Sub-Saharan economic potential, including its rich natural and human resources, closing gaps in regional development. A G3 could also assist Latin America in escaping the middle-income trap, given the region's growing clout in global affairs, especially in the context of the climate crisis.

At the right time, a G3 could also work to achieve some level of coordination on global infrastructure development by coordinating between the Belt and Road Initiative (BRI), the EU's Global Gateway and the G7's Partnership on Global Infrastructure and Investment. If investments under these initiatives are uncoordinated and shaped by geopolitical competition, they could lock countries into high-carbon paths for decades to come. Since being launched in 2013, the BRI has become a vector of globalization, growth and investment in many regions. Yet reshaping the BRI into a more multilateral endeavor promoting global governance and development is a necessary step in its next phase of development.

VIII Green Issues and Data Collaboration

Green issues may prove to be one of the most promising fields with the potential to forge consensus and meaningful reform. Specifically, China could work with the EU and the US to create a dedicated UN institution focused on climate change, which is a universal crisis that will continue to affect many aspects of global cooperation. This would augment the leadership of the UN in addressing climate change through the UN Environmental Programme (UNEP) and the UN Framework Convention on Climate Change (UNFCCC). The EU itself, from the perspective of green development, need to be adopt more inclusive trade policy. For instance, it should reconsider the recent tariff imposed on imported electric vehicles (EVs) from China and encourage Chinese acquisitions and investments in the EU market, particularly in the sector of renewable energy. The two sides can strengthen their economic reciprocity while continuing to lead global efforts to combat climate change by exploring the market of renewable energy and EVs in the rest of the world.

Similarly, as the “petroleum” of the 21st century, digitalization empowers the world economy with better allocation of information and optimization of resources. Data flows are key factor to boost market integration in digital age. Yet it creates complexities such as national security, geopolitics and privacy protection that have kept countries from agreeing on how to promote free data flows and enhance data localization. A G3 could take the lead in establishing a new group consisted of digital powers – like the G20, it can be named with D20 or similar – providing countries in need of

digital collaboration with a platform to reach a consensus on cross-border data flows. Additionally, establishing a “global data organization” would lead the way in formulating standards for global data security or data regulation, as the world has yet to reach a comprehensive multilateral solution to either issue.

Last but not least, the EU is playing a leading role in regulating artificial intelligence, with China and the US following its example. In June this year, the CCG hosted a seminar at its Beijing headquarters titled “European and Chinese Perspectives on AI Governance,” in collaboration with the German and French Embassies. The seminar is one of the many trials among China and the EU members to highlight the significant potential for collaboration between Europe and China on AI governance. Amid the early stage of global AI regulation, the consensus to advance this agenda is urgent for all stake holders. The longer we wait, the wider we are divided.

IX Conclusion

Europe’s historical legacy, economic strength and strategic geopolitical position will no doubt ensure its continued influence on the global stage. However, addressing its geographical limitations, resource dependencies and internal unity challenges will be crucial for maintaining and enhancing this influence. Ultimately, it has become increasingly clear that strengthening partnerships with emerging powers like China and engaging in multilateral cooperation can help Europe navigate an ambiguous future and reinforce its role as a major global power.

A Global European Union and the Challenge of Power

Pascal Lamy

I Introduction

Over the last fifteen years, the world has changed: the geoeconomic paradigm of more or less harnessed globalization, which had tempered conflicts between powers, has given way to the return of force and the domination of geopolitics in international relations. A territorial war in Ukraine, in its most deadly and destructive form, is back on our borders, and another could soon ignite the Middle East; the Sino-American rivalry continues to intensify; the system of international rules inherited from the second world war is regressing.

This change has taken the foundations of the ideology of European unification in its stride: the dogma of peace through open markets, the ban on dreams of domination, ordo-liberalism, the national state confined to its regal missions, the imperative of democracy and human rights, the preference for multilateralism.

Does this mean that the process of continental integration that started more than seventy years ago is doomed by a return to national sovereigntism, a case made by the extremes of the European political spectrum?

The answer of this paper to this question is, frankly, negative: the goals of European unification as we have defined them together in the economic and social domains remain as valid, if not more valid, as ever if we want to keep supporting the European version of modern civilization and want to keep its culture attractive to other peoples.

However, to achieve this, Europe lacks a component that has become essential in our brutalized world: the assurance of our population's collective security, which implies strength.

The union of Europeans, therefore, faces the challenge of the inevitability of power.

We need the EU integration process to enter into a new phase and face up to the multiple challenges that our international environment imposes on us.

II New Ambitions: A More Global Europe

Today's and to tomorrow's international agenda is framed by two existential challenges: peace and climate change.

Peace depends, for the most part, on the evolution of the Sino-American rivalry, which will remain the backdrop to the coming decades, and on the more or less open forms of confrontation it will take. In the short term, this explains much about Chinese support for Russia's invasion of Ukraine or Iran's role in the Hamas attack on Israel. It will come up against China's claims on Taiwan and in the Pacific Basin in the medium term.

The European Union as a global actor will have to build up a position – which is not the case today – capable of exerting a moderating influence on both Beijing and Washington, even if we are not equidistant from them. Otherwise, peace will be at the mercy of the complex calculations of nuclear deterrence, which are still subject to double-or-nothing vagaries.

The climate, whose warming is having an increasingly negative impact on life on our planet, is not so much an issue of East-West tensions as of North-South ones, given the profound asymmetry between historical responsibilities on the one side, and the distribution of its dramatic impact on the other. In this field, the European Union has acquired a credibility capital that it has not yet managed to exploit to the full in the form of a new climate diplomacy capable of reconciling the domestic demands of ecological transition, particularly in terms of decarbonizing trade, and the antagonisms arising from their adverse consequences for many developing countries as shown by the examples of the Carbon Border Adjustment Mechanism (CBAM) or the Deforestation Directive. A new triangle linking greening the economies, greening international trade and pro-development policies should be the base of such a new approach.

Overall, Europe's ambition should be to position itself as a moderator and balancing factor at the crossroads of these two axes of tension, East-West and North-South, and to build a large enough coalition of countries capable of working for a fairer, more stable, rules based, international system with peace and climate at its core.

A European initiative to build such a coalition on the basis of a new international agenda should be given priority. It would, of course, start with aligning enough member states in the European Council and a large enough majority of political forces in the European Parliament. The debate on Europe's global stance would thus begin with addressing issues of substance and, depending on the result, answer the question of our real level of ambition: the EU as a pioneer? As a go between? As a follower?

Whatever the answer is about the level of ambition, the EU will need a higher capacity to exercise influence on the world stage, which nowadays and in the times to come means more power. The higher the ambitions, the higher the need for new capabilities.

III New Capabilities for the Union

If Europe's path to power is a question of shared ambitions, which remains to be debated, it is also, and may be mainly, a question of its ability to deliver on them.

In order to be able to deliver, the EU will need to overcome the four structural handicaps it currently suffers: its strategic quasi non-existence, its technological backlog, its growth deficit, and its budgetary anemia.

The famous "strategic autonomy" concept that has been invoked for some time in Brussels and Strasbourg will remain empty as long as it is not backed by both the software (the doctrine setting out a common European scale of risks, threats, and vulnerabilities) and the indispensable operational capabilities under European authority (European pillar of NATO, industrial and intelligence infrastructures, integrated command system). These capacities can only be built slowly according to what could be a Delors-style ten-year European defense planification with a still to be determined UK component. In the meantime, supporting Ukraine must mobilize what national military capabilities and European coordination exist, even more in a scenario where Trump would return to the White House.

In terms of economic security, the union is better prepared following the progress made over the last ten years in trade defense instruments, but it is still far from par in terms of the articulation

between trade policy, an exclusive European competence, and industrial policy, where competencies are shared. The same goes for access to the critical materials which are indispensable for the green and digital transitions.

Secondly, and not least for strategic reasons, we must recover the ground lost on the technological frontier over the last thirty years, where much of the race between the US and China is now being played out. Increasing the share of public research spending from under 15 percent to over 50 percent and reorganizing the internal market and its regulation in digital, artificial intelligence, and green technologies should enable us to take better advantage of the size of the European economy on a global scale, as we have seen in the case of the General Data Protection Regulation.

Even if the Union's economic weight is declining relatively in line with the growth of developing countries, we need to remedy what is dependent on us in our mediocre potential growth rate. Raising it from the current 1.5 percent to 2.5 percent has now become essential.

Firstly, because there is no geopolitical might without economic success. Secondly because it has become a condition to be able to sustain our relatively important systems for reducing social insecurity, a particular feature of the European identity. Thirdly because new responsibilities implied by more power will inevitably be costly.

With demographics accounting for almost half of our growth deficit, the further Europeanisation of our immigration and integration policy should be part of this economic agenda. The other half of our growth deficit has to do with innovation and competitiveness weaknesses, an issue central to the proposals of both the recent Letta report and the soon to be published Draghi report.

Equipping the Union with these new capabilities will require budgetary resources well beyond the current meagre one percent of GDP. As far as budgetary resources are concerned, numerous proposals have been put forward, the merits and feasibility of which go beyond the scope of this text. Allocating to the EU budget a share of national tax increases a priori where they are needed to reduce public debt would give a sign likely to reassure, even convince, the so-called "frugal" member states once they would have subscribed to a new European agenda. In terms of borrowing resources, and in the same spirit, we will need to renew the common debt formula inaugurated at the time of the COVID recovery plan, if only to meet the repayments of the former. Renegotiating the multi-annual financial perspectives, scheduled for 2025-2026, is the next stage in this crucial budget debate. Given the ongoing massive subsidization of production programmes in China and in the US and the growing number of expected EU expenditure areas, from defense (including Ukraine) to the green deal, from the digital transition to a new enlargement, doubling the size of the EU budget looks both a Herculean political task and a minimum condition to live up to the level of the new global ambitions of the EU.

IV Conclusion

The world is moving fast in a direction which is more hostile to the EU's interests and values than ever since the beginning of the European integration process in the middle of the last century. In this context, our European collective capacity to maintain our way to live together with our specific mix of democracy, human rights, social market economy, and access to culture is more uncertain than ever. Addressing this challenge is thus an existential issue which necessitates a change of paradigm in order to build the strength behind new resilience and influence capacities that were absent from the previous agendas of the EU. The years to come will test our capacity to invent this

new model in exploiting further our supranational governance abilities. Not to build whichever European fortress, but as in the past, to demonstrate that openness, humanism, democracy and social cohesion remain the best insurance policy against war.

Astropolitics – Great Powers and the New Space Race

Anthony Silberfeld

I In the Beginning

“It is difficult to say what is impossible, for the dream of yesterday is the hope of today and the reality of tomorrow.”¹

Since the moment humans first emerged on Earth, they have had a fascination with the heavens. Stars, planets and life beyond our planet have captivated the imaginations of scientists, explorers, daredevils, policymakers, artists, authors and screenwriters for generations. Our story begins, not with Yuri Gagarin, Neil Armstrong or even Stanley Kubrick, but with a little-known Chinese government official named Wan Hu during the Ming Dynasty.

Though the date is inexact, at some point around 1500, Wan, a notorious celestial enthusiast, turned his gaze upward and began to consider how to explore space as man had endeavored to do on Earth. His “spaceship” would be both ingenious and rudimentary for that era, but laid the foundation for generations of space explorers to come. Strapping 47 rockets filled with gunpowder to a wicker chair for the ride into space, and two kites anchored to this contraption for the descent back to Earth, Wan was ready for launch. Forty-seven of his servants (one for each explosive charge) approached his chair with torches lit, ignited the fuse and quickly scurried away.

Ten, nine, eight, seven, six, five, four, three, two, one, BANG!



Image: Zhejiang Geely Holding Group

LIZ MOHN
STIFTUNG

According to the legend, when the smoke cleared, Wan and his chair were gone. Whether Wan made it to his destination above or was scattered in pieces below remains an open question, but it was the beginning of one of the most enduring projects in human history, with economic and geopolitical implications that have grown exponentially to this day.

¹ Robert Goddard, Aerospace Engineer.

II For All Mankind

“We came all this way to explore the moon, and the most important thing is that we discovered Earth.”²



Credit: Shutterstock (licensed to BFNA).

LIZ MOHN
STIFTUNG

In the centuries following Wan’s experiment, governments from all over the globe would make tremendous leaps in the exploration of our planet, outer space and everything in between. From Robert Goddard’s liquid-fueled rocket launches in the 1920s and V1 rockets pioneered by Germany during World War II, to the Americans and Soviets racing to be the first to orbit the Earth and ultimately setting foot on the moon, two elements have historically been at the core of space exploration: great power competition and the struggle for military advantage. During the second half of the 20th century, this ethereal domain was dominated by governments who had the resources to invest and innovate, and would spare no expense to gain an edge over their Cold War rivals. Today, the playing field looks quite different. Two distinct blocs have emerged. An alliance led by the United States includes transatlantic partners across the European Union (France, Italy and Germany, among others) and the United Kingdom, and also features Pacific partners in the form of Japan, South Korea, India and Australia. The competing bloc is led by China, with Russia now along as a junior partner in that dynamic. What is truly unique about the current state of affairs, however, is the growing presence of private sector actors in the space race. Elon Musk’s Space X is the undisputed leader at the moment, but other companies such as Blue Origin, United Launch Alliance, Airbus, Arianespace (among others) are competing (and sometimes cooperating) fiercely in the launch, satellite and exploration businesses. As the number of actors (both public and private) in space grows, so too do the risks and opportunities that emerge in the geopolitical and commercial realms. In the course of this article, we’ll spend some time delving into these areas, but always

² Bill Anders, Astronaut, Apollo 8.

keeping one overarching question in mind: Does space give humans the opportunity to work together in ways that it has heretofore been unable to do on Earth?

III The Ultimate High Ground

“On accessible terrain, he who occupies high Yang ground and ensures his line of supplies will fight to advantage. On precipitous terrain, if we occupy it first, we should hold the Yang heights and wait for the enemy.”³



Credit: Shutterstock (licensed to BFNA).

LIZ MOHN
STRATEGIC

As is the case on Earth, securing the high ground in space is a strategic advantage. In this new space race, which means controlling low earth orbit to host surveillance satellites, geo-positional satellites, anti-satellite weapons and, perhaps most importantly, the key route between the Earth and the moon. On the moon (the highest of high grounds), it means not only controlling cis-lunar space below, but the resources on the moon to be used for Earth-based endeavors, and as a launching pad into deep space. Today, 90 countries have national space programs of varying size, resources and success. For the purpose of this article, our scope will be limited to the main actors including the United States, China and Russia, though we will certainly touch on others, at least tangentially.

The United States is the preeminent power in space. Through NASA, Space Force and its partners in the private sector, more than \$73 billion is spent annually on a range of space-based capabilities. From weather and imaging satellites to tracking objects in orbit and missile launches on Earth, the

³ Sun Tzu, The Art of War.

United States has the assets in place to protect its capabilities in space, and to use those resources for strategic advantage on Earth.

The renewed drive to complete missions to the moon, not just to put boots on the ground, but to stay there this time, has sparked the American initiative to bring space-faring nations together to agree to a set of standards and guidelines that will govern the exploration of space. The Artemis Accords, as this agreement is called, has been signed by 43 countries including 16 European Union member states. The accords focus on ten core areas that are geared to ensure the peaceful collaboration in space including managing space debris, deconfliction of activities, the use of space resources, and interoperability.⁴ As with nearly any technology deployed in space, many of the assets currently racing around Earth's orbit at 17,500 miles per hour have the potential to be used for both military and civilian purposes. And while the United States continues to build a coalition around the peaceful uses of space, there are threats looming from Beijing and Moscow that require Washington to sharpen its dual-use options.

According to the Center for Strategic and International Studies' (CSIS) *Space Threat Assessment 2024*, China set a new record for itself by conducting 67 space launches in 2023, sending more than 200 satellites into orbit.⁵ The report assesses that "similar to the United States, Chinese military leaders aim to secure the full use of space for China, while at the same time preventing adversaries from using their own space capabilities."⁶ China's capabilities in space are increasingly diverse and include launch capacity, its own GPS system (Beidou), missile warning systems, intelligence collection, and the list goes on. It also maintains a significant arsenal of counterspace weapons that can be deployed for benign and malign purposes. In 2023, China engaged in multiple engagements that fall into the category of "rendezvous and proximity operations" in which Chinese satellites sidle up to their own or enemy (read American) satellites for the purpose of surveilling, re-orbiting or discarding defunct satellites. China has also developed the capacity to utilize an array of counterspace or anti-satellite weapons including jamming devices, directed-energy weapons meant to disable satellites, dazzling functions to blind or disorient satellites, and even grapples which can grab ahold of a nearby satellite and toss it into outer space. On the cyber front, Beijing has conducted operations in recent years that have infiltrated government and private sector defense contractor systems with malware for the purposes of compromising existing capacities and conducting industrial espionage. A final arrow in the Chinese space quiver worth noting is the country's ground-based, direct-ascent anti-satellite capability, first demonstrated against China's own satellite in 2007. Since then, the Chinese have been perfecting their ability to intercept and destroy targets in orbit, though they have not intentionally targeted a foreign object to date.

The news out of Moscow on the space front has produced mixed reactions in Washington and European capitals. Gone are the days when Russia was leading the way in space exploration. Also in the rear-view mirror are the occasions when Americans and Europeans relied heavily on Russian Soyuz launch capability to catch a ride into space for cargo and for missions to the International Space Station. The combination of declining investment in the Russian space program due to its economic woes and being hamstrung further by sanctions related to its invasion of Ukraine has isolated Russia from its partnerships with the West, and forced it to grudgingly accept its position

⁴ <https://www.state.gov/artemis-accords/>.

⁵ <https://www.csis.org/analysis/space-threat-assessment-2024>.

⁶ <https://www.csis.org/analysis/space-threat-assessment-2024>.

as a junior partner in the Sino-Russian alliance in space. Still, Russia has the ability to be a disruptive force in low earth orbit and beyond, as it demonstrated earlier this year when reports of Russia's development of a nuclear-armed anti-satellite weapon caused significant alarm. Moscow's ongoing efforts to interfere with the Starlink satellite constellation, which is currently being used to assist Ukraine in its defense of its territory from Russian aggression, constitute another serious offensive capability in space. Its counterspace activities include jamming, dazzling and a particularly Russian-themed tactic of orbiting satellites that are built like nesting dolls, releasing smaller "daughter" satellites to conduct close proximity (and possibly) hostile activity against Western targets in low earth orbit.

On the other side of the coin is Russia's deteriorating capacity in other parts of the space sector. According to the CSIS threat assessment, "Russia satellite manufacturing processes are slow and labor intensive, with the head of Roscosmos (Russia's space agency) admitting it takes 18 months to build one satellite. By contrast, SpaceX alone is producing six satellites per day."⁷ The budget of Roscosmos is approximately one-tenth that of NASA, increasing the gap between the former space trailblazer and today's far more competitive programs in China and the United States.

In March 2021, China and Russia formalized their cooperation in space through the Beijing-driven International Lunar Research Station (ILRS) project, which is seen to be a direct competitor to the US-led Artemis Accords. The ILRS envisions three phases of moon exploration that span the period through 2036. Currently in its first phase of reconnaissance, there is a clear focus on landing technologies and exploring locations for work on the moon. The second phase, due to commence in 2030, has set a goal of establishing in-orbit facilities and a presence on the lunar surface, along with a regular channel of cargo shipments from Earth to the moon. Once construction is complete, Chinese and Russian partners will commence scientific research and further exploration of the Earth and beyond.⁸

Of course, the plans of the Artemis Accords and the ILRS project cannot exist in a vacuum. Both are subject to real-time risks – deliberate and accidental – that can occur when objects are traveling in increasingly congested spaces at high speeds, or when superpowers clash over a patch of the moon under which critical minerals or other valuable resources have been discovered. The Outer Space Treaty of 1967 has established general parameters governing the peaceful uses of outer space, but the nearly 60-year-old treaty could never have envisioned what nation states would be up to in space in 2024, and how the private sector might complicate a domain that was once dominated exclusively by national governments. The same governments that now rely on the private sector to accomplish their celestial goals.

Europeans, for their part, observe this great power competition in space from the sidelines with an eagerness to get in the game. There is no discounting some significant achievements for Europe (via the European Space Agency, member state space programs and the private sector), most notably the Copernicus earth observation program and the Galileo global navigation system, but the gap between Europe and the likes of China and the United States has grown in recent years. The absence of three key pillars that define space power are glaring and need to be corrected, if Europe hopes to rise to the challenge of the future: its inability to create coherent programs in

⁷ <https://www.csis.org/analysis/space-threat-assessment-2024>.

⁸ <https://www.cnsa.gov.cn/english/n6465652/n6465653/c6812150/content.html>.

human space exploration, its lack of space situational awareness or space control, and its overreliance on foreign companies down the space supply chain.⁹ A May 2024 resolution produced by the EU Space Council acknowledged many of the shortcomings to date, and focused much attention on encouraging greater investment in the commercial space sector to give new versatility to Europe in both the defense and economic domains.

IV Prices Down, Rockets Up

“We want to open up space for humanity, and in order to do that, space must be affordable.”¹⁰

In 2011, the cost per pound of payload on NASA’s space shuttle was about \$30,000. More than a decade later, SpaceX has brought that cost down to \$1,200 per pound,¹¹ and with it, opened the floodgates to public and private sector opportunities in space. Launching satellites of all varieties (climate imagery, GPS, intelligence) finally became cost effective – not just for governments, but for space entrepreneurs as well. According to a McKinsey report, the space economy could be worth \$1.8 trillion by 2035, with industry growth reaching 9 percent per year.¹² Of the approximately 9,000 active satellites in space, SpaceX’s Starlink accounts for more than 6,000 of them.¹³ But launching satellites into low earth orbit is not the only commercial use of space. The falling launch costs have reduced the barrier to entry for many space startups around the globe for a variety of activities, and they’re jumping in with both feet.



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LIZ MOHN
STIFTUNG

From growing organs extraterrestrially to manufacturing drugs at zero gravity, many experiments are now potentially within reach for using space to solve problems on Earth. On the environmental front, companies are seeking to harness the power of the sun using satellites equipped with panels and the ability to beam energy down to Earth, giving momentum to the space-based solar industry. Other climate-adjacent opportunities are ripening, as we’ve seen with the France-based company Thales, and its pioneering efforts to move data centers into space. Given that data centers are

⁹ <https://www.espi.or.at/briefs/europe-as-a-space-power/>.

¹⁰ Elon Musk, Founder and CEO, SpaceX.

¹¹ <https://www.nbcnews.com/science/space/space-launch-costs-growing-business-industry-rcna23488>.

¹² <https://www.weforum.org/agenda/2024/04/space-economy-digital-capabilities/>.

¹³ <https://nanoavionics.com/blog/how-many-satellites-are-in-space/>.

responsible for 2 percent of the world's energy consumption,¹⁴ this is not just going to be beneficial but ultimately a necessity. As governments rely on private sector companies for launch capabilities, weather satellites, communications or building shelters on the moon, the line between public and private gets blurred for potential adversaries, and also in the eyes of those trying to regulate this space. What constitutes an act of aggression? Who is responsible for it? What is a proportional response? Must that response be confined to space? The fog of activities in space creates a situation in which conflict is easy to imagine; the question is whether that outcome is avoidable.

V Human Nature

"It was impossible to expect a moral awakening from humankind itself, just like it was impossible to expect humans to lift off the earth by pulling up on their own hair. To achieve moral awakening required a force outside the human race."¹⁵



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From the earliest exploration of Earth, mankind has demonstrated an inability to break a cycle that has defined it as a species. It explores new lands. It lays claim to that land and subjugates (or kills) the indigenous population on that territory. It exploits that land for every conceivable economic and political advantage. And often, it goes to war to defend what it has stolen from others. Without stretching the metaphor too far, one can see the nature of mankind already making itself felt in mankind's exploration of space. We have fired satellites into low earth orbit. We have planted a flag on the lunar surface. We have sent rovers to the deepest reaches of our galaxy. Low earth orbit is a finite space or resource and great powers are already testing weapons in those contested lanes. Americans, Chinese and others have mapped out where they intend to extract water and

¹⁴ <https://www.datacenterdynamics.com/en/news/global-data-center-electricity-use-to-double-by-2026-report/>

¹⁵ Rachel Carson, *Silent Spring*.

critical minerals on the dark side of the moon and set up colonies. Elon Musk and others dream of a human colony on Mars, and may one day get there. With all of the pieces set, the risk of conflict is increasing with each day. International bodies such as the United Nations Office for Outer Space Affairs (UNOOSA) still convene the world's spacefaring nations to resolve potential challenges at the negotiating table. The European Union's member states have found the idea of shaping space governance to be a natural fit. While some may joke about the EU's greatest export being regulations, space offers an opportunity for Europeans to lead the way in defining the peaceful uses in outer space for the generations to come. Teams at Science Po Bordeaux, for example, are working with EU institutions and the UN toward that end. Even in the midst of global turmoil and conflict, space is still one of the few topics about which enemies continue to talk. There is still a recognition in Brussels, Washington, Beijing and Moscow, even if it's a fleeting one, that when we look down from space on the pale blue dot that is Earth, we're all in this together. At least for now.

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Surrounded by the stimulating atmosphere of the Salzburg Festival, the Trilogue Salzburg convenes leading thinkers, decision-makers and renowned personalities from the arts, business, and politics to engage in crosscutting, intercultural and future-oriented debate. The Trilogue Salzburg was originally initiated by the former Austrian Chancellor Dr. Wolfgang Schüssel.

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