Crisis Sustainability Farmers War
Health Migration policy Cohesion Identity
DEMOGRAPHY European preference
Youth Openness Foresight Financing
Public goods Frugalness Rivalry Debt
Reform Crisis Sustainability Farmers
War Polycrisis Fight against crime
Defense AI Industry Reindustrialization
Poverty Green transition Peace
Partnerships Paradigm shift
Economic security **UNITY** Strength
Life expectancy Risk Gender equality
VALUES Freedom Mortality Green
Deal Productivity Civilisation Promise
Funding Accession Impoverishment
Standardization Far right Generational
fairness Humanism Single voice
Power Autonomy Future **SECURITY**
Transformation Labour Climate change
Stability Energy transition Capabilities
Governance Enlargement Human
rights **INCLUSION** Protection Global
relations Innovation Digitalisation
Technical development Control
Efficiency Coordination Rights Populism
Transition Zeitenwende Far left
Prevention Change **LEADERSHIP**
Interests Neighbourhood Investment
De-risking Prosperity Geo-economics
Adaptation Soft power Diversity
Growth Sovereignty Solidarity
Inflation Strategy Reciprocity Trade-
offs Strategic autonomy contract
Health Migration policy Cohesion
Identity **COMPETITIVENESS** Social
European preference Youth Openness
Foresight Financing Public goods
Frugalness Rivalry Debt Reform
Polycrisis Fight against crime Defense
AI Industry Reindustrialization Poverty
Green transition Peace Partnerships
Paradigm shift Economic security
Strength Life expectancy **RESILIENCE**
Risk Gender equality Freedom
Mortality Green Deal Productivity
Civilisation Promise Funding Accession
Impoverishment Standardization
GEOPOLITICS Far right Generational
fairness Humanism Single voice
Autonomy Future Transformation
Labour Climate change Stability Energy
transition Capabilities Governance
Enlargement Human rights Protection
Global relations Innovation Digitalisation
Technical development Control
Power **DEMOCRACY** Efficiency Deal
Coordination Rights Populism Transition
Zeitenwende Far left Prevention Change
Interests Neighbourhood Investment
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Swedish Institute for European Policy Studies

Key Concepts for the Future of the EU

Patricia Wadensjö and
Bernd Parusel (eds)

2025:1op

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Judith Arnal, Amandine Crespy,
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Preface

The European Union and its policies evolve continuously, often in response to external or internal challenges or shocks. European elections and the subsequent start of a new political cycle in the major institutions also create new dynamics that can change policies and affect the shape and direction of the EU.

SIEPS follows developments in the EU by analysing fundamental, institutional aspects of European integration but also EU policymaking and its effects. This new political term started in a difficult context, with many major challenges facing the EU, leading us to take a somewhat different approach for this publication, namely, to reflect on how political choices are presented, framed, explained and communicated. We chose to focus on what we have called key concepts in EU politics; contemporary buzzwords such as leadership, geopolitics, security or resilience.

Many of these buzzwords appear frequently in the EU's daily discourse; they figure in speeches and debates, policy statements and official documents. But even if their content can seem obvious, are we always sure what they mean, and what the EU actually does in relation to these concepts? To find out, we asked renowned EU experts to critically examine ten key concepts that appear *en vogue* at the outset of this political cycle.

We believe that such reflection on basic concepts in contemporary EU policymaking is essential: it can help us question misconceptions, develop solutions to challenges, and enable us to change course, when necessary. This becomes no less important as the EU struggles with disruptive changes and increasing insecurity.

Our hope is that these forward-looking essays will promote and inspire a critical discussion about what the EU is today and what it could become.

Göran von Sydow
Director

About the authors

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Judith Arnal is a Senior Research Fellow at the Elcano Royal Institute in Madrid and the Centre for European Policy Studies (CEPS) in Brussels and serves as a Board member at the Bank of Spain. She conducts extensive research on financial, technological and European policy affairs, and has published in peer-reviewed journals such as the *Journal of Financial Regulation*, the *European Journal of Finance* and *Global Policy Journal*, and is a columnist for *EUObserver* and *El Mundo*. She also lectures at *IE University* and *Universidad Carlos III de Madrid*. Judith has a PhD in economics and finance and is also a Chartered State Economist in Spain and a lawyer.

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Elena Korosteleva is Professor of Politics and Global Sustainable Development at the University of Warwick. She leads the Institute for Global Sustainable Development, and university-wide Sustainability Spotlight, a flagship interdisciplinary research initiative with a focus on sustainability. Elena's own research is situated at the intersection of complex IR, development and environmental studies spotlighting resilience as self-governance. She has led a series of projects over the past seven years, which resulted in a forthcoming monograph with Oxford University Press (2025), *Nurturing Resilience in Central Eurasia: the role of community of relations in an age of complexity*.

Hans Kundnani is an Open Society Ideas Workshop fellow, an adjunct professor at Boston University, and a visiting professor in practice at the London School of Economics. He was previously the director of the Europe programme at the Royal Institute of International Affairs (Chatham House) in London and research director at the European Council on Foreign Relations and has taught at New York University and the College of Europe. His most recent book is *Eurowhiteness: Culture, Empire and Race in the European Project*, which was published in 2023.

John Morijn is Henrik Enderlein Fellow at the Hertie School Berlin and endowed professor of law and politics in international relations at the Faculty of Law, University of Groningen. John has published widely in academic journals such as *Common Market Law Review*, *Internal Journal of Constitutional Law* and *Journal of European Public Policy*, and often comments on current rule-of-law developments for media outlets such as *NOS*, *NRC*, *Volkskrant*, and *Politico Europe*. He is a founding mentor of the student-led Our Rule of Law Foundation, which organises student activities relating to democracy and rule of law promotion.

Thu Nguyen is Deputy Director of the Jacques Delors Centre at the Hertie School in Berlin, where she leads the think tank's work on institutional questions of EU policy. She has published extensively on the rule of law and democracy in the EU as well as EU institutional reform and is a regular commentator on EU politics in German media. Before joining the Centre, she was Assistant Professor of EU constitutional law at the Faculty of Law at Maastricht University. Thu is the host of the German-language podcast *EU to go – der Podcast für Europapolitik*.

Roderick Parkes is a researcher specialising in European security, geopolitics, and strategic foresight. He has worked with institutions such as the German Council on Foreign Relations (DGAP) and the EU Institute for Security Studies, and now the NATO Defence College. He is also an associate fellow at the Swedish Institute of International Affairs (UI). His work includes projects on geopolitical competition, defence policy, and societal resilience. With a background in political science, he combines research with advisory roles, aiming to bring practical insights to policymakers. He holds a PhD in political science from the University of Bonn.

Bernd Parusel is a senior researcher in political science at SIEPS. His main research interests are in policies on migration, asylum and borders in the EU. Recent publications deal with the Common European Asylum System, fundamental rights at Frontex, the reception of refugees from Ukraine in the EU, and the external dimension of EU migration policy. Bernd holds a PhD from the University of Osnabrück. He occasionally teaches at Leuphana University in Lüneburg. Previous career stations include the Swedish Migration Agency, the Swedish Migration Studies Delegation and the German Federal Office for Migration and Refugees.

Viola Shahini is a postdoctoral researcher at the *Institut d'Etudes Européennes* (IEE) of *Université libre de Bruxelles*, contributing to the ARC project 'Social Rights in the European Union (1960–2020): From Market to Social Citizenship and Back?' Previously, she conducted research within the EUROSHIP project *Closing Gaps in Social Citizenship: New Tools to Foster Social Resilience in Europe*. She holds a PhD in Political Studies from the University of Milan. She is interested in European social governance, social and labour market policy development and change and the interplay between domestic political dynamics and international influence.

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Patricia Wadensjö is an editor at SIEPS. She is specialized in EU and European affairs, with a particular interest in political ideas and constitutional matters. She has studied history, political science and journalism (Stockholm University and Sciences Po Paris). Recent edited books include *Monnets blinda fläck – om EU:s grundare och hans skapelse* by Annika Ström Melin and *Drama utan slut – Turkiet 100 år* by Bitte Hammargren and Stefan Bladh, both published in 2023.

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Introduction

The top EU jobs have been filled, a new European Commission has been formed, and the European Parliament has embarked on its new legislative term. The new political cycle is truly under way, and it brings not only new personalities, portfolios and political programmes, but also new political concepts – buzzwords that are used to signal novel policy choices and priorities, and a fresh political start. Some leaders remain, and some concepts too, though their orientation and meanings may have shifted.

By examining some of the *key concepts* that will play a major role in EU politics during the next few years, the Swedish Institute for European Policy Studies (SIEPS) aims to shed light on the ways forward for the EU in the near future, those that seem possible, and desirable, and those that seem blocked.

But why focus on *concepts*?

By uncovering what frequently used and sometimes abstract concepts are about, we hope to stimulate a discussion on what is 'inside' or 'behind' them. The concepts in this volume, from *leadership* to *unity*, frame policymaking and function as lenses through which problems, opportunities and constraints are understood. In that sense, they are open to interpretations and constitute arenas for political struggles – different political actors use the same concepts to achieve sometimes wildly different aims.

Importantly, EU policymakers choose and use concepts to justify laws, investments and choices that affect citizens and societies as well as shape the future of the EU. Concepts thus constitute underlying instruments that steer public policy; concepts are relevant for policy outcomes, not least by excluding other descriptions and narratives. And, as old or rejected ideas often are re-introduced with a new terminology, concepts merit attention.

The starting point for the essays in this volume is thus to take a critical look at some concepts that look set to play a key role for EU policy in the years to come.

Some of these words appear frequently in key documents that were drawn up at the outset of the new commission's term: the President of the Commission's political guidelines, the mission letters to her commissioners

setting out their tasks and goals and, later, the strategies and action plans which govern the real-life activity of legislating and spending money. Reports drafted by veteran politicians – Draghi, Letta, Niinistö – also appear to play a particularly prominent role for this new political cycle. Other concepts represented here are not used as frequently, but they nevertheless describe fields in which EU actors will be forced to act and react.

With this idea in mind, SIEPS has invited renowned experts to contribute critical reflections on ten important keywords or concepts for the Union today.[1] The texts differ in character and approach, but they all treat one concept and contain personal reflections, conclusions or recommendations about the direction the EU should take.

There are certainly many other ways of considering each of these concepts, even opposite ones. Our aim is, however, not to provide all possible views of an issue but to stimulate critical reflection, in some cases with a dose of polemic. Also, a volume which analyses only ten concepts will necessarily miss others that can be regarded as crucial: preparedness, growth, peace, adaptation, power, and so on. And some important policy areas will inevitably receive less attention than others; there is certainly much to be said about the conceptual framing of climate policy, migration and artificial intelligence. Still, the sample of concepts is intended to be broad enough to touch upon a wide range of EU policies.

10 key concepts for the future of the EU

Leadership

The volume begins with an essay on *leadership*. Recent crises and ongoing changes of the international order have raised expectations of leadership within the EU as well as of the Union's potential for being a leader on the global stage.[2] However, leadership is not an easily characterized concept

[1] Ned Hercock, former editor and researcher at SIEPS, contributed to the conceptual and editorial work on this volume.

[2] As Ursula von der Leyen stated in her political guidelines for the new political cycle: 'I would like Europe to play a leading role in reforming the international system.'

and *EU* leadership may be even harder to define. Some scholarly debates even focus on whether the EU actually has leaders, or is instead leaderless.[3]

In his essay here, *Alberto Alemanno* describes the EU's multi-layered leadership with the help of a taxonomy – the institutional, the political, and the external 'leaderships' of the EU. While recognizing these dimensions, Alemanno claims that a genuinely European leadership does not exist, as the EU does not constitute 'a distinct, coherent, and autonomous political space'. The lack of political integration has in turn contributed to yet another form of leadership, technocratic in nature. While technocracy is not new in EU integration, writes Alemanno, it nevertheless lacks any form of democratic legitimacy.

Among the obstacles to the emergence of a genuinely European leadership is the fact that citizens have got used to this 'democracy without politics'. At the same time, the author argues, EU leaders are being pushed to clarify their goals and step forward, not the least as a result of external forces acting against the EU.

Geopolitics

The second essay takes a grip on *geopolitics.* This concept – which emerged in the late 19th century – was adopted by Ursula von der Leyen in 2019, when she claimed that she would lead a 'geopolitical commission'. Re-elected as Commission President in 2024, she added a focus on the economy: 'In today's world geopolitics and geoeconomics go together. Europe's foreign and economic policy must do the same.'[4]

Despite this shift in emphasis, geopolitics is still dominant, not the least as a prominent dimension of EU enlargement – now a 'geopolitical imperative' according to the Commission's political guidelines for 2024–2029.

In his essay on geopolitics, *Roderick Parkes* argues that the EU has moved away from its original way of addressing the root causes of conflict. Instead, it has adopted 'an imperial-style geopolitics it once sought to transcend'. Since 2019, according to the author, the internal market is no longer a tool to rethink geography and history but an instrument of protectionism, enforcing

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[3] Ingeborg Tömmel & Amy Verdun (2017) Political leadership in the European Union: an introduction, *Journal of European Integration*, 39:2, 103–112.

[4] Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

borders and asserting European identity. The EU, he continues, has simply forgotten its long history as a shining alternative to classical geopolitics. This is evident in EU enlargement policy: 'Once framed as transformative, enlargement is now viewed through classical geopolitics, prioritizing size, strategic advantage and the assertion of civilizational values.'

However, the idea that the EU could be a global power player on a par with the United States and China is an illusion, Parkes argues. It should therefore refrain from retrograde power politics and try to rediscover the founding – creative – spirit of European integration.

Competitiveness

If 2024 could be summarized in a word, it would be *competitiveness*, at least according to Financial Times' Henry Foy, writing about the 'buzzword on every Eurocrat's lips'.[5] The nearly 400 pages in Mario Draghi's oft-cited report on the future of European competitiveness testify to this, and a long stream of policy proposals is expected in this field. Caution is however called for: economists tend to question the use of competitiveness with regard to nations, arguing that a state is not the same as a company.[6] And when it comes to the role of the state in fostering competitiveness, public actors are rarely considered successful in picking market winners. As IMF Managing Director Kristalina Georgieva advised the Eurogroup in a speech in June 2024: 'It is clear to see: technocrats picking winners and interfering in markets is a risky business – costly and distortionary.'[7]

In her contribution, *Judith Arnal* confronts this concept by means of two questions: When we talk about competitiveness, what are we really talking about? And, is the EU the right governance level on which to address the problems identified?

Answering these questions, she first finds a lack of common definition. Policymakers can therefore conveniently use the concept for political and narrative purposes, and her advice is thus to pay close attention to some

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5 Henry Foy, 'Year in a word: Competitiveness', *Financial Times*, 30 December 2024.

6 'Strengthening EU competitiveness', The Sound of Economics, Bruegel Podcast, 14 February 2024.

7 A Strategy for European Competitiveness. Remarks by Kristalina Georgieva, IMF Managing Director, to the Eurogroup on a Strategy for European Competitiveness, Luxembourg, 20 June 2024.

essential – and more concrete – elements of competitiveness, such as companies' access to private capital and investment, spending on research and innovation, or energy prices. Second, she finds significant differences between the EU's 27 member states with respect to the most relevant competitiveness factors. Discussing EU-wide competitiveness can therefore lead to misguided diagnoses, Arnal concludes, even though the EU does have a pivotal role to play. Moreover, her analysis shows that we do not need to look across the Atlantic to learn the right lessons – they can be found much closer to home.

Security

If competitiveness is the red thread running through EU policies of today, then *security* is the new pair of glasses through which EU policy makers see the world. 'We will look at all of our policies through a security lens', as Ursula von der Leyen stated in her political guidelines. The concept is not new in EU politics – the European Union's first strategy on security dates to 2003 – but since Russia's war of aggression against Ukraine it has become highly prioritized. For instance, the European Commission now has its first commissioner for defence and several security-related documents have been announced for the coming months. Current developments and initiatives regarding the war in Ukraine could have profound consequences for the EU, not least financially. And institutionally, a revival of the idea of a European Security Council is not to be excluded.[8] The prominence of security can be illustrated with the slogan for the Polish presidency in the Council of the EU in spring 2025: *Security, Europe!*

This slogan is also the title for the fourth contribution, by *Monika Sus*. In her essay, she notes that security has evolved into a complex and multidimensional concept. All dimensions are interconnected but, she argues, prioritizing defence against the Russian threat remains essential: 'Failing to address this immediate and existential danger risks undermining other security dimensions […]'.

[8] Aude van den Hove, 'France confirms emergency European summit Monday in Paris', *Politico*, 16 February 2025. Stefan Lehne, 'Time for an EU Security Council?', Commentary on Strategic Europe, Carnegie Europe, 19 November 2024.

The author shows how the new narrative frames security as a fundamental public good. But to put this public good into practice, the EU needs to focus on two critical issues: addressing the member states' differing *perceptions* regarding the Russian threat and ensuring adequate *funding* for collective action. Finally, she explains why it is crucial to strengthen the link between security and enlargement.

Resilience

Yet another buzzword in EU policy is *resilience*. The word refers to a physical or mental capacity to withstand or recover from difficulties and has, since the mid-1900's, been employed across a variety of disciplines – ecology and psychology most prominently, but also in the social sciences.[9] It has also been frequently used in public policy, both nationally and internationally. And when it comes to applying the concept at policy level the EU was in the vanguard, having introduced resilience into its political language in the early 2000s. So, how has the EU used the concept of resilience, and how should it use the term to achieve the desired objectives?

This question is posed by *Elena Korosteleva*, who, in our fifth essay, mainly focuses on societal resilience in the EU's neighbourhood. As a starting point, she claims that the present 'planetary challenges and pressing geopolitical issues' require a different way of thinking, as we cannot fully determine or find 'optimal' solutions for risks, vulnerabilities, crises and disasters. The EU has used the concept of resilience to meet these problems, in the form of a 'toolkit' introduced from above – with roadmaps, action plans, instruments as well as sectoral and thematic policies. But, according to the author, this approach runs counter to the actual meaning of resilience, which should be understood as self-governance.

To be fair, she says, the EU has supported change in a less bureaucratic and top-down way, for example in Syria, Belarus and Ukraine. However, to do justice to the real meaning of resilience, Korosteleva concludes that communities must be placed centre-stage: the EU should see itself as a partner rather than a manager.

9 Patrick Martin-Breen, J. Marty Anderies, 'Resilience: A Literature Review', November 2011.

Demography

In the coming decades, the EU faces a dramatic problem related to *demography*: the population of the Union is expected to start shrinking soon, and the turning point might be reached as early as in 2026. And our societies are already getting older, which means that a smaller share of people of working age must support a growing share of elderly people. The consequences of this demographic shift are more visible in some parts of the EU than in others. But existing challenges will be harder to address everywhere in the Union, as the shrinking population poses 'a major threat to the sustainability of European welfare systems and public finances'.[10]

As *Bernd Parusel* writes in the sixth essay, political leaders in the EU know about this challenge, indeed they often talk about it. But their answers have remained vague. Parusel argues that leaders have important choices to make: they can try to slow down, arrest and reverse population decline; or accept it and focus on mitigating its effects. Or they can do both. So far, the EU has focused on mitigation. Many initiatives to this end have been taken over recent years, but the EU cannot do things that the member states do not want, and short-termism and populism stand in the way of more powerful answers.

If the EU wanted to slow down the demographic decline, the author argues, it would need to change the sometimes toxic discourse over migration, allow more people in, and regularise at least some of those who are already here. From a demographic perspective, he concludes, the current emphasis on deterring migrants does not make sense.

Inclusion

As a political goal, social *inclusion* was not among the founding ideas of what is today the EU. Still, the question of whether or not the European project needs a social dimension, to be legitimate in the eyes of its citizens, has influenced European integration for decades. The 'European Pillar of Social Rights' from 2017 is still contested, but it has today a stable foundation. The new Commission has promised to strengthen it, with

[10] Zsolt Darvas, Lennard Welslau and Jeromin Zettelmeyer, 'How demographic change will hit debt sustainability in European Union countries', Policy brief, Bruegel, 18 September 2024.

Ursula von der Leyen emphatically calling for a society that 'works for all' and where 'no one is left behind'.[11]

However, as *Amandine Crespy* and *Viola Shahini* argue in essay number seven, the EU has tended to deal with inclusion predominantly from a narrow, labour market perspective, thereby sidelining wider economic, political and cultural dimensions of inclusion, as well as the deeper problems of inequality and poverty. At times, EU policymaking on inclusion has gained some momentum – only to be overshadowed again by crises, austerity and fiscal discipline. Despite this, the EU has a whole body of both hard and soft law in place today, which includes working conditions, anti-discrimination and equal pay for equal work.

There are constraints, however, such as diverging views on the extent to which social policies are or should be an EU competency, as well as the conflict between rising expectations and insufficient budgetary resources. It could therefore make sense, according to the authors, to refocus the EU's measures on a limited set of priorities. At the same time, they argue, 'rolling back the role of the EU in the social realm seems both unrealistic and undesirable'.

Democracy

The debate on *democracy* in the EU is certainly not new. While earlier debates and discussions mainly focused on the alleged democratic deficit in the EU's political system itself, the problem with democratic backsliding at national level now takes centre stage. For in recent years, several EU member states – alongside many countries around the world – have been rolling back democratic standards, for example, when it comes to the independence of their judiciaries, freedom of the media, rights of minorities, or academic and cultural expression. Globally, autocratisation has become a dominant trend, and Europe is not immune.[12]

As our next contributor, *John Morijn*, underlines, 'the EU now has an urgent double democracy problem on its hands', since EU democracy is rooted in the member states' representative democracies. Indeed, 'the

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[11] Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

[12] Democracy Winning and Losing at the Ballot, Democracy report 2024, V-Dem Institute, p. 5.

national and supranational levels are a two-way street', he writes. In his essay, Morijn takes a closer look at the new Commission's plans for democracy, which include 'a new European Democracy Shield'. But while democracy is mentioned quite prominently in the political guidelines of the new Commission, Morijn argues that the Commission should make use of several other and more effective options.

However, one fundamental problem, according to the author, is that the Commission mainly sees the threat against democracy as 'coming from the outside and as electronic in nature', instead of recognizing that the main threat 'comes from within and is political, cultural, economic and social in nature'. This is of great importance, Morijn concludes, because a mischaracterised problem cannot be solved.

Values

Often in politics, *values* could be seen as being fundamental, but not always at the centre of debates. At EU level, the opposite has been true for more than two decades, with values repeatedly at the top of the political agenda. First, in the context of enlargement and the abandoned draft constitution for Europe, and later in relation to the rule of law crisis, where several member states' regression with respect to democracy and the rule of law has put them on a collision course with the EU.[13]

This development has triggered discussions on how to define and defend the EU's values, set out in Article 2 of the Treaty on the European Union. Among these values, respect for freedom, democracy and the rule of law may be considered the most important ones according to Koen Lenaerts, the President of the Court of Justice of the EU, as they 'act jointly in preventing authoritarian regimes from seizing power'.[14] EU values are still high on the agenda and figure prominently in key documents for the new political cycle, such as the European Council's Strategic Agenda.

In essay number nine, *Hans Kundnani* challenges the idea that a set of values could be claimed to be *European*. That idea is, according to the

[13] Oriane Calligaro et al., 'Values in the EU policies and discourse. A first assessment', *Les Cahiers du Cevipol* 2016/3 N° 3, pp. 5–52, here p. 6.

[14] Koen Lenaerts, 'On Values and Structures: The Rule of Law and the Court of Justice of the European Union', in *The Rule of Law in the EU: Crisis and Solutions*, 2023:1op, Swedish Institute for European Policy Studies (SIEPS).

author, an expression of wishful thinking rather than a description of reality. A set of values cannot be claimed to be 'European' in any meaningful sense, he writes, as they neither unite Europeans nor are distinct from the values held by people in other parts of the world. It is particularly difficult to claim that the EU stands for democracy, Kundnani argues, and this is particularly evident 'in the Mediterranean, where the disconnect between rhetoric and reality […] has lethal consequences'.

As for the rule of law, the author finds that when advancing this value the EU is often simply insisting on the primacy of EU law. He concludes that the EU should focus more on how to make itself more democratic and how to live up to its values, and stop 'claiming European ownership of them'.

Unity

During and after the financial crisis of 2008, the EU did not act in *unity*, notably when addressing that crisis, at least not according to French President Emmanuel Macron in his grand speech on Europe in April 2024. Over the last few years, by contrast, he claims the European Union has demonstrated *financial unity* by agreeing on common debt and recovery plans to tackle the consequences of the pandemic, and *strategic unity* by collectively procuring vaccines and reaching agreements on energy and military support to Ukraine in the wake of Russia's war of aggression.[15]

Unity is not only a frequent keyword in solemn speeches, but also in central policy documents – such as the new Commission's political guidelines and in the European Council's Strategic Agenda for the new political cycle – and it is often used in combination with the EU's strength and capacity to act.

In the final essay of this volume, *Thu Nguyen* describes the prevailing narrative concerning the EU's unity, which 'suggests that the more united the bloc is, the stronger it becomes against adversaries and the brighter its future appears'. But the concept of unity remains strikingly ambiguous, the author notes, despite its centrality in European rhetoric. According to her analysis, the EU's unity rests on both a core of rules and procedures *and* a minimum set of common values. It thus has both a functional and a

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[15] Emmanuel Macron, Europe Speech, Élysée 24 April 2024.

normative dimension, but Nguyen argues that defining the Union's shared values has become more challenging since the European elections in 2024.

In a world increasingly shaped by global power dynamics, the author concludes, one of the key issues is therefore whether there will be a 'strong enough leadership to hold the bloc together'.

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While concepts frame this volume, the purpose is to better understand the current material context and problems: the EU has entered a new political cycle with major, unignorable internal and external challenges, and several of them touch the core of what the Union is and what it can become. The EU is also about to make important policy decisions, such as setting new climate targets, strengthening European industries' competitiveness, and presenting a plan on energy, among others. And in the light of deteriorating conditions for security in Europe, several countries are pushing for defence to be made a key EU priority.

Since the stakes are even higher now, even more difficult compromises are expected when the member states negotiate the next multiannual budget and discuss possible extraordinary financing for particularly urgent needs, such as in the area of defence.

Money will thus be a major issue.

But what all essays in this volume demonstrate is the need to undertake a serious and honest diagnosis of the problems the EU faces. This is a task not only for leaders at EU and member state level but also for Europe's societies – while policymakers will need creativity and courage to do this, the public will need to participate attentively and critically, so that when *key concepts* are put to work, the EU and the world are the better for it.

Patricia Wadensjö & Bernd Parusel

LEADERSHIP

Transnational Leadership as a Blindspot in EU Democracy

Alberto Alemanno

The meaning of leadership in the EU

Leadership – like democracy – is more often invoked than defined in public discourse. This is particularly the case in the European Union, where leadership appears to be a multi-layered concept, typically mobilized by various actors, from the EU institutions to national political leaders, from European political parties to international media outlets.

Is the intention of this term to make us think of someone who guides, inspires or motivates, rather than exercises power? Does 'leading (in) the EU' carry a unique meaning, signalling a European commitment, or at least a minimal engagement for the idea of Europe and its integration? And is the meaning of leadership changing as a result of the unprecedented geopolitical environment surrounding the Union?

These questions do not find easy answers. Instead, they hint at the existence of multiple forms of 'EU leadership' or 'leadership in the EU'.

A taxonomy of 'EU leaderships'

First, there is *institutional* leadership. Historically, this concept of leadership has been deployed and largely monopolized by the EU institutions.

Ultimately, those are the main public authorities entrusted with the task of 'leading' the EU project while ensuring it continues to function.

Among them is the European Commission. Due to its supranational nature and mission (it is 'responsible for promoting the general interest of the Union'), it has been designed as the 'leader' institution tasked with guiding the EU integration project. As a result, its President – being selected today by the majority of EU governments and confirmed by the European Parliament – has come to embody the very idea of 'EU leadership'. Think of how many Commission presidents have been depicted as EU leaders and 'celebrated' as 'heroes'. The undisputed leadership by Jacques Delors, one of the few widely recognised 'true' European leaders – according to current hagiography – comes to mind. Undeniably being the only institution tasked with initiating legislation and responsible for representing the Union on the international scene, the Commission has acted as the only true engine of EU integration over decades, thus gaining the role of (institutional) leader.

Despite its historically rooted leading role, the Commission has, by design, shared its leadership with other institutions. This is the case for at least two institutions – those forming the so-called EU triangle, the Council of the EU and the European Parliament – in the day-to-day EU decision making. However, the leadership of the latter two institutions came at the expense of the Commission's leadership itself.

In addition, the Commission President's leadership is also shared with and further constrained by the President of the European Council as well as the permanently rotating presidency of the Council, which came in sharp focus during the latest EU cycle with the Hungarian government at the helm of the Union. Moreover, the High Representative for Foreign Affairs and Security Policy (HR/VP), who is also ex officio Vice-President of the European Commission as well as the chief co-ordinator and representative of the Common Foreign and Security Policy (CFSP) within the Council, is similarly considered an EU leader, despite its limited powers.

This suggests that it is the holders of the so-called 'top jobs' who first and foremost embody institutional leadership in the EU. But how are these leaders chosen? Most of them are, like the Commission President, essentially selected by the heads of state and government sitting in the European Council, though the President of the Parliament is elected by

its members. And the other Commissioners serve at the pleasure of the Commission President: if the Commission's leadership position has lost ground during the legislative process – as a result of the Parliament and the European Council gaining powers – it has, at least on paper, gained power in being able to veto the governments' nominees to the Commission and allocate portfolios among them. Yet, as recently demonstrated by the formation of the new von der Leyen Commission, this leadership has not been fully utilised, despite most member states' governments refusing to put forward a male and a female candidate, as requested by the Commission President.

Where do they come from? Since the 2004 Big Bang enlargement, only four out of the 45 European Commission and European Council top job holders have come from member states having joined the Union since then, that is Jerzy Buzek (Parliament), Donald Tusk (European Council), Roberta Metsola (Parliament) and Kaja Kallas (HR/VP), suggesting that EU leadership remains historically skewed towards a form of Western leadership.

In addition to institutional leadership, other forms of leadership exist both within and outside of the EU institutional setting. As we will see, these tend to overlap with each other.

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One must first recognise *political* leadership. This is periodically attributed to one or more EU heads of state or government who project a particular impetus – or opposition – to the realisation of a given initiative, be it the creation of the EU Peace Facility, a temporary recovery fund such as NextGenerationEU or deploying peacekeeping troops to Ukraine. Or, in broader terms, political leadership is attributed to those heads of state or government who convey a vision for the European project. It is not surprising that all these 'political leaders' sit – de jure – in the most political EU institution of all, that is the European Council. While political leadership has essentially found reflection and support in institutional leadership, the former has become more antagonistic to the latter.

Today, the leadership role – and overall legitimacy – of Commission President von der Leyen is openly contested by individual heads of state and government, be it Viktor Orbán or Giorgia Meloni, while being supported by others, such as Emmanuel Macron or Olaf Scholz. Both

forms of leadership, be it pro-integration or critical of integration, are today seen as the expression of EU political leadership with the critical form assuming a nationalistic connotation. Consequently, all heads of state and government tend to be recognised as 'EU leaders', albeit exercising their leadership towards different goals.

More exceptionally, leadership quality has also been conferred to Members of the European Parliament. Think of the old guard MEPs, such as the liberal Guy Verhofstadt, the Green Daniel Cohn-Bendit, or the Brexiter-in-chief Nigel Farage. This appears to have changed; today it is hard to find examples of such MEP leadership within the current European Parliament.

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However, as the EU shifts from a community of values to a union of geo-strategic power, another form of leadership might emerge: EU *external* leadership. While this is immediately associated with some of the holders of EU 'top jobs', that is the President of the Commission, that of the European Council and the HR/VP, none of these 'leaders' have traditionally nurtured 'leadership' ambitions beyond the EU. Yet, von der Leyen's political priorities for the 2024–2029 cycle – combined with the geopolitical and new security challenges facing the continent – are set to change this, with the Commission President wishing the EU to be 'leading in the world and delivering in Europe'.[1] The new geopolitical conditions are set to 'presidentialize' the Commission President's role and may lead her to overcome the past skirmishes with the holders of the HR/VP position (e.g. over the EU's policy vis-à-vis Israel) and that of the European Council President (e.g. regarding the relationship with Turkey).

Yet, for all the talk – old and new – of 'EU leadership', this term appears oxymoronic in nature. No EU leader, be it someone holding an EU institutional leadership position – such as a 'top job' or a national office holder playing a role in the EU (European Council, Council of the EU or Parliament) – has been selected, appointed, elected or chosen in a truly pan-EU process. As a result, none of these leaders are accountable to all

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[1] Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

European citizens but exclusively to those who reside within the borders of their country of origin. Even though the effects of their respective leaderships – be it institutional or political – are felt all across the Union, none of these 'EU leaders' can be removed from office during their EU mandate (the only exception being the Commission President. But this remains a theoretical scenario as it requires exceptional circumstances, linked to misconduct and not political behaviour, and a 2/3 majority in Parliament). They are ultimately only accountable to their own country of origin and its voters, should they ever decide to run again. This was the case for EU institutional leaders, such as former EP President Martin Schulz, former Commissioner Frans Timmermans and former EU Council President Donald Tusk, who all returned to national politics. Yet even in those circumstances, only the Germans, Dutch and Poles respectively have had the chance to 'judge' them before they acquired their pan-EU leadership.

This is equally true for European Parliament members (MEPs) who are elected, and re-elected, on the national – not EU – level. Although their decisions produce transnational effects across the continent, they can only be discontinued by the voters of their own country of election, which tend to coincide with their origin. No German voter can prevent the re-election of a French MEP, whose voting record or conduct might have affected the German voter's interests and preferences.

This suggests that despite EU leadership being increasingly invoked as a saviour of the European project, it critically lacks transnational political accountability.[2] This situation affects the very notion of 'leadership' and its underlying legitimacy within the Union. How can anyone be a leader without being accountable for what she or he does? Not only is true leadership undermined without accountability, but leaders who do not take responsibility for their actions can lose trust. Accountability fosters a sense of integrity and reliability, which are essential for effective leadership.

Yet this state of affairs is not accidental.

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[2] See, e.g. Yannis Papadopoulos, *Political Accountability in EU Multi-Level Governance: The Glass Half-Full*, 2021:4, The Swedish Institute for European Policy Studies (SIEPS).

EU leadership: a blindspot in EU democracy

The lack of a genuinely European form of leadership is the result of a deliberate choice to curtail the emergence of an otherwise inevitable *Europeanisation* of the EU political process.[3] By this term, I refer to a political development that could have contributed to making Europe a more distinct, coherent, and autonomous political space.[4] Despite attaining an unprecedented level of socio-economic integration, the EU lacks an equivalent level of *political* integration. Under these circumstances, any form of leadership in the EU originates from and owes itself to national – not EU – politics.

By contenting themselves with domestic leaders lent to EU politics through a nationally based – not pan-EU – selection process, the national political classes have deliberately prevented the emergence of truly pan-EU leaders embodying an EU-wide leadership.[5]

Consider, for a moment, the European Parliament elections. Their results increasingly determine the selection of EU leaders' jobs and, therefore, define the very notion of 'EU leadership' today, be it institutional, political, or external. Yet, voters cast their ballots on different dates, for candidates selected by national, rather than European, parties and for national – not European – candidates who ran on national, and not European, programmes. Although most national parties participating in the EU elections are affiliated with European political parties like the centre-right European People's Party (EPP), or the Progressive Alliance of Socialists and Democrats (S&D), the latter remain relatively obscure and unfamiliar to the average voter. The truth is that national parties are not required to join any of the existing European parties, and even when they do, they rarely highlight their EU affiliation on national ballots. Consequently,

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3 This term is applied in several ways to describe a variety of phenomena and processes of change. See Johan P. Olsen, 'The many faces of Europeanization', *JCMS: Journal of Common Market Studies* 40.5 (2002): 921–952.

4 Alberto Alemanno, *The Hijacking of Europe. How National Politicians Took the EU Away from its Citizens and How to Win it Back*, Harvard Center for European Studies Minda de Gunzburg, November 2024.

5 Ibid.

these 'europarties'[6] are loose extra-parliamentary coalitions of parties from multiple member states.[7] Unsurprisingly, without a genuine EU political space generating true EU leadership and leaders, the European Union lacks a transnational media space enabling citizens to gain a European – not national – account of what is decided at the EU level and an understanding of why. Hence, it remains difficult for the average European to identify and even imagine who an EU leader might be and could do.

This suggests that at the very same time EU leaders are multiplying their calls for EU leadership to confront the many challenges facing the continent, they are depriving themselves of the benefits that would accompany the emergence of truly pan-EU forms of leadership.

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Hence the emergence of yet another form of leadership, which is neither institutional nor political in nature, but *technocratic*. Technocratic leadership is typically exercised by former institutional and political leaders, who prepare studies, reports, and other substantive 'leadership' contributions to the EU's future course of action. While this has always been present in EU integration, this phenomenon now appears in less disguised form.

Mario Draghi's 2024 report on EU competitiveness epitomizes this trend. This report has de facto become the 'leadership mantra' of the von der Leyen II Commission. Being featured across the mission letters addressed to the various Commissioner-designates, it has informed the new Commission's political priorities, as well as the structure of her new College of Commissioners and respective portfolios.

The former ECB president's analysis seems to have projected the closest thing we have to EU leadership. While he is an outlier character due to his unique experience gained both at the EU and national level, he symbolizes and embodies this new, openly technocratic form of (meta-)leadership, which transcends and dominates institutional as well as political leadership by deeply influencing both. However, just as EU institutional and political

[6] Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations, OJ L 317, 4.11.2014, p. 1–27.

[7] On this point, Simon Hix, *What's Wrong with the European Union and How to Fix it*. Hoboken, NJ: John Wiley & Sons, 2013.

leadership lacks accountability, technocratic leadership lacks any form of democratic legitimacy. Hence the recent calls for ensuring greater public consultation procedures when preparing studies and reports that exert such influence over people's lives but in relation to which no public input has been gathered.[8]

Technocracy is nothing new in EU integration. It has always existed in the EU's highly depoliticized decision-making process. Benefiting from the so-called 'permissive consensus' by its citizens, the EU has historically relied on expert rather than ideological advice. Over time, Europeans have normalized this process that some have qualified as 'democracy without politics'.[9] We have accepted that the EU leadership of transnational decision making affecting our life chances should be de-politicized and de-Europeanized. Yet the question which arises today is to what extent this form of meta-leadership unaccompanied by an equivalent level of accountability is democratically acceptable. Given the increasing politicization of the EU within national political systems, it may seem paradoxical that technocratic leadership has now become more important than any other form. Today, technocratic leadership may be masking a broader phenomenon, i.e. the absence of transnational political leadership within the EU.

Towards a thicker notion of EU leadership in a world on fire

Despite the normalization of the status quo, this outcome appears democratically troubling. Not only are citizens deprived of any meaningful knowledge and understanding of EU politics (which has been labelled as a 'community of ignorance'[10]), but they are also deprived of opportunities to influence that political project. Individuals are not meant to know who, where, when, and how decisions are made in the EU. The essence of that political project is that the project should remain in the hands of nationally selected – and not EU – politicians.

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8 The Draghi Report has been criticized by civil society for the lack of public consultations preceding its publication. See, e.g., Civil society letter on Mario Draghi's high-level report on competitiveness, Balanced Economy Project, 8 May 2024.

9 Dehousse, Renaud. 'The Maastricht Treaty and its Limits', in *Europe: The Impossible Status Quo*. London: Palgrave Macmillan UK, 1997, pp. 15–32.

10 Joseph Lacey, Conceptually Mapping the European Union: A Demoi-cratic Analysis, *Journal of European Integration*, 38(1) 2016.

This raises the broader, and more difficult, question of whether any true political leadership might realistically emerge in the Union. In the absence of a pan-EU political competition fought by genuine European political parties, leaders – be they national or EU – lack the incentives to craft and exercise a form of political leadership that transcends the nation state.

In these circumstances, notably in the absence of a genuine EU political space, the nation-states alone remain in the driving seat. This is largely the case because EU member states have hijacked not only the sole institution tasked with pursuing the EU general interest (the European Commission), but also maintained control over the only directly elected one (the EP). This is largely made possible by the limited visibility and overall authority of europarties, which remain controlled by national party members. In addition, they have established an institution that was not even foreseen in the original project: the European Council. This gathering of EU heads of state and government sits on top of the other EU institutions, to provide them political impetus. As a result, it holds some form of both institutional and political leadership. This locus of intergovernmental power has not only been institutionalized in the past decade but also increasingly influenced, to the point of altering, the EU's original institutional balance which governs the relations between, on the one hand the governments of the EU – sitting in both the Council of Ministers and European Council – and on the other the Commission and the Parliament.

Unlike any other EU institution, the European Council – as an autonomous institution transcending its individual members – lacks democratic legitimacy. As such it is accountable only to itself, that is its member governments. Yet it is at the pinnacle of the EU as we know it today. Critically, the EU Treaties expressly deny the European Council any legislative authority, yet this institution has successfully reclaimed the political leadership of Europe by dictating the new political agenda while undoing the past one. As we enter a new political cycle, illustrations abound, with the re-opening, delaying as well as diluting of key pieces of EU green deal legislation, from the 2035 ban on combustion engines to the Corporate Sustainability Reporting Directive and the Deforestation Law. The latest example comes from the European Council meeting in October 2024, which has de facto set aside the recently agreed Migration Pact and endorsed the 'return hubs' approach pioneered by Italian PM Giorgia Meloni. This

occurred with the tacit agreement of Commission President von der Leyen despite the major legal concerns raised by such a strategy.

True leadership requires gaining authority and legitimacy through the consent and engagement of those they lead, and the EU cannot afford to invoke the concept without addressing its underlying democratic question. But this is set to be further complexified by the new global (dis-)order and weakening of Europe's centrist balance of political power.[11]

The current political juncture, epitomised by Trump's return to the White House, could act as a catalyst for significant changes to the European integration project and its multiple underlying forms of leadership, be they institutional, political, external or technocratic. This may potentially pave the way for the emergence of a genuine pan-EU leadership transcending – or at least merging – the existing forms of leadership that are routinely played by national political leaders and EU institutional figures.

Yet although Trump's policies directly threaten European prosperity, security, and sustainability, European political forces may struggle to find a unified strategy this time around, since President Trump can count on several allies within the EU. This was already the case in Trump's first term, but the 'new Europe' that emerged after the June European Parliament elections might be politically and culturally more aligned with the Trump administration than with pro-European mainstream forces. And some EU leaders – be they from the right such as Italy's conservative Giorgia Meloni or from the left such as Spain's socialist Pedro Sánchez – may be emboldened to pursue their national interests through bilateral rather than EU-based dialogues with the US.

From this perspective, the very notion of EU leadership has never been more fundamentally challenged by the very governments that make up the Union.

The silver lining in this otherwise challenging situation is that EU leaders are being pushed to clarify their individual and collective common goals – and to do so not only within the EU but also within the nascent European

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[11] Alberto Alemanno, 'For the first time in history, we could be looking at a genuinely right-wing European Union', *The Guardian*, 18 November 2024.

Political Community (EPC).[12] This being an exclusively intergovernmental and geopolitical entity may require EU leaders to develop yet other forms of leadership within the incipient beyond-the-EU reality. The numerous attacks on the EU project – be it from the US administration and its plutocratic supporters,[13] Russia's hybrid campaigns, or China's trade and geopolitical projections – are set to further put the very notion of EU leadership to the test while giving it the chance to acquire new meaning.

[12] The EPC is an intergovernmental forum for political and strategic discussions about the future of Europe, which is distinct from both the EU and the Council of Europe. It was established in 2022 in the aftermath of the Russian invasion of Ukraine.

[13] Alberto Alemanno et al., Musk, Power and the EU, Symposium, *Verfassungsblog*, January 2025.

GEOPOLITICS

The Power of Creativity: how the EU could transcend retrograde geopolitics

Roderick Parkes[1]

The EU was always a geo-political project – albeit an imaginative one

In 1950, French Foreign Minister Robert Schuman explained how the organizations which went on to become the EU would transform Europe's geography and history from sources of strife into a platform for cooperation.[2] Yet over time, and as the EU has become increasingly focused on international affairs, it has drifted from this imaginative vision, succumbing first to complacency and then to an imperial-style geopolitics it once sought to transcend. This regression reflects the global persistence of classical geopolitics, fuelled by the U.S., China, and Russia, alongside the illusion of a 'multipolar order' where the EU sees itself as a great power.

Why this talk of geopolitics, rather than the more familiar 'security and defence'? A decade of cascading crises – financial turmoil, migration surges, and a global pandemic – have left Europeans feeling powerless and pessimistic. Tipping points on climate change are looming larger,

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1 This paper represents the author's personal opinion.

2 Robert Schuman, *Schuman Declaration, May 1950*, European Union.

diminishing hopes for global cooperation and encouraging a sense of every nation prioritising its own survival. And a US-China industrial revolution, powered by renewable energy driving down technology costs, is amplifying fears of Europe being left behind. In this context, the scramble for rare earths and control over chokepoints has become not just a matter of security but a struggle to secure a future in a world defined by competition and scarcity.

Since 2019, the EU has thus emphasised becoming more geopolitical and embracing the international exercise of power. Yet this is neither a game Europeans are positioned to win, nor one they need to play. As the EU builds its international presence, it can reclaim its distinctive geopolitical vision – 'Europapolitik.' This was always geopolitics with a hyphen: giving Europeans a political choice to reshape geography whether by border-crossing, compound identities, or local collaboration. To rekindle this transformation, the EU must confront classical geopolitics' enduring pathology, own its recent missteps, and revive its tradition of creativity and imagination.

The three historical roots of the EU's retrograde geopolitics

Classical geopolitics emerged in late 19th-century Europe as a framework for imperial elites to analyse rival powers and adapt strategies for dominance. Its most influential form developed in Britain, where confidence in naval supremacy, global trade, and institutional expansion coexisted with a tendency to underestimate external competition. Norman Angell's *The Great Illusion* epitomized this outlook,[3] arguing that economic interdependence and British-led progress rendered territorial competition irrational. The Angellites portrayed trade and markets as engines of international development, governed by Darwinian adaptation – a modern vision of a win-win global order. This optimistic perspective laid the foundation for what might be called '*Liberalpolitik*'.

In contrast, geographer Halford Mackinder warned of Britain's strategic vulnerabilities. Britain's offshore geography, reliance on commerce, and strategic complacency left it exposed to industrializing land powers like

[3] Norman Angell, *The Great Illusion: A Study of the Relation of Military Power to National Advantage* (New York and London: G.P. Putnam's Sons, 1913).

Germany and Russia.[4] Mackinder's 'World Island' concept emphasized the growing centrality of Eurasia and Africa, identifying Ukraine as a resource-rich pivot zone critical to land power dominance. Advances in infrastructure, such as railways and roads, enabled land powers to harness resources and challenge maritime supremacy. The Mackinderites stressed that progress was neither automatic nor peaceful, and that maintaining British dominance required proactive interventions around the pivot zone of the World Island – Afghanistan, Sudan, Iraq.

This arcane debate remains central to global interactions. The U.S. adopted European geopolitical theory while building its own sea power in the 1900s and later through Central European émigrés. It positioned itself as the successor to Britain – an offshore power, viewing the USSR as an autocratic land rival seeking dominance through resource control. Echoing late-imperial Britain's angst, the U.S. today competes with China to keep global waterways open as the Belt and Road Initiative reshapes Eurasian connectivity. Russia, similarly bound by these frameworks, exemplifies Mackinder's theories with its invasion of Ukraine to control Eurasia and establish a western buffer.

The European Union thus finds itself buffeted by the local effects of these great power dynamics. After two decades of U.S.-led global *Liberalpolitik*, Europe now confronts a return to Mackinder's *Realpolitik*. Resource competition, once dismissed as obsolete in an efficient globalized economy, has re-emerged as a strategic priority. Faced with this declining faith in global markets and institutions, the EU aspires to become 'geopolitical,' recognizing its previous overreliance on markets but also channelling its members' historic sense of entitlement to global influence.[5] This marks a return to imperial instincts, grounded in the belief that Europe has a legitimate claim to great-power status.

In this, the EU is influenced by a distinctive European geopolitical tradition. German and Nordic geopolitical traditions were largely expunged in the 1940s; Central European traditions all but erased by

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[4] H. J. Mackinder, 'The Geographical Pivot of History,' *The Geographical Journal* 23, no. 4 (April 1904): 421–437.

[5] Lili Bayer, 'Meet von der Leyen's "Geopolitical Commission",' *POLITICO*, 4 December 2019. See the debate kicked off by Hans Kundnani: Hans Kundnani, 'Europe May Be Headed for Something Unthinkable,' *The New York Times*, 13 December 2023.

Soviet domination;[6] Mackinder and Angell marginalised by Brexit. But French thought persists and emphasizes a multipolar global order – a vision of regional hegemons with spheres of influence co-existing. This tradition, rooted in France's historical competition with Britain and Germany, inspires the EU's self-image as one of the 'big three' global powers alongside the U.S. and China. The EU's narrative as a 'regulatory superpower' reflects this civilizational vision, positioning itself as a key player shaping the rules of global engagement between the two giants.

Ursula von der Leyen's attempt to make the EU geopolitical

Creating a stable, equitable international order where Europe is safe is exceptionally challenging, especially given these geopolitical theories that validate power politics and dismiss the rights of smaller players. Over the past century, dominated by the West, global affairs have oscillated between *Liberalpolitik*'s expansive optimism and *Realpolitik*'s reactionary retrenchment. *Liberalpolitik*, led by advanced economies, pressures developing states to adopt foreign norms as the cost of prosperity, and affected many Third World states.[7] Their resistance and exhaustion bred chaos, prompting dominant powers to revert to *Realpolitik*, prioritizing survival over ideals. This cycle sustains two flawed theories, each fixated on countering the other's excesses.

Ursula von der Leyen's 2019 call to 'make the EU geopolitical' fell into this cycle.[8] It marked a shift from the assumption that markets and trade

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[6] The enlargement of the EU to include Poland and its neighbours has, however, rekindled some of this geopolitical thinking. For instance the Three Seas Initiative, which aims to link up the Adriatic, Baltic, and Black Sea regions with economic, infrastructural and political links applies Mackinderite thinking to the 'crush zone' between Russia and Germany and echoes inter-war ideas in Poland on escaping its fate as a mere bufferzone. See: Paolo Pizzolo, 'The Geopolitical Role of the Three Seas Initiative: Mackinder's 'Middle Tier' Strategy Redux,' *Europe-Asia Studies* 76, no. 6 (2023): 873–890.

[7] One example is the pressure exerted by the US, Japan, European nations, and international bodies on post-colonial states to privatise national infrastructure – assets that later proved vital to their nation-building efforts. Yacob Haile-Mariam and Berhanu Mengistu, 'Public Enterprises and the Privatisation Thesis in the Third World,' *Third World Quarterly* 10, no. 4 (1988): 1565–1587.

[8] Ursula von der Leyen, 'Speech by President-Elect von der Leyen in the European Parliament Plenary on the Occasion of the Presentation of Her College of Commissioners and Their Programme,' Strasbourg, 27 November 2019.

naturally foster peace and liberal values, a swing away from the classic *Liberalpolitik* the EU had succumbed to in the 1990s. And while the Union itself may not have embraced classical *Realpolitik*, it did adopt a more assertive, even chauvinistic, approach to spreading its norms. It has shifted its approach, abandoning liberal conditionality and standards in interactions with North African countries, perceived as civilizationally apart, while concurrently demonstrating solidarity with predominantly white, Christian societies to its east.[9] And towards the great powers, the US and China, it spoke of itself as a regulatory superpower: positioning itself between a disruptive, innovation-driven U.S. and an acquisitive China, the EU used its market power to enforce rules on old trading norms and new forms of technology.

The worldview in Brussels does increasingly align with that of *Realpolitik*, a Malthusian world where global cooperation and market efficiency have failed. Forces once seen as progressive – connectivity and consumption – are now regarded in Brussels as drivers of resource scarcity and disruption. Climate change, population growth, and resource grabs by great powers exacerbate this perception. Large-scale population movements, the acquisitive roles of China and Russia in Africa, the scramble for medical supplies and microchips, all confirm the view that the EU must assert itself for fear of being cut out. The EU also accuses others of *Realpolitik*, and casts its own power politics as an inevitable response. In this context, Brussels has shifted away from faith in international cooperation, favouring unilateral rule-making to navigate these pressures.

In this, the EU casts itself as a victim of power politics, ignoring how its own assertiveness makes it an active participant.[10] European officials blandly describe the instability from Britain to Moldova as a 'ring of fire,' overlooking how the EU's own market liberalization and protectionism fuel these challenges. Schuman's vision of the internal market as a tool to rethink geography and history has morphed into an instrument of protectionism, enforcing borders and asserting European identity –

[9] Jan Zielonka. 2013. 'Europe's New Civilizing Missions: The EU's Normative Power Discourse.' *Journal of Political Ideologies* 18, no. 1: 35–55.

[10] Jan Eijking, 'Josep Borrell's "Jungle" Trope Was No Slip of the Tongue,' *Responsible Statecraft*, 26 October 2022, https://responsiblestatecraft.org/2022/10/26/josep-borrells-jungle-trope-was-no-slip-of-the-tongue/.

evident in carbon tariffs on African countries.[11] While blaming neighbours for 'weaponizing migration', officials ignore the EU's weak regulatory foundations and the burdens these impose on others. Europe excelled at 'big-bang' deregulation in the 1990s, lifting barriers to free movement, but rather than re-regulating itself, it has outsourced the task of securing its newly expanded spaces to its periphery.[12]

Von der Leyen's grim assertiveness reflects an effort to reassure anxious EU citizens by demonstrating the Union's ability to protect them from a hostile world. In the 2000s, there was still an unspoken confidence among citizens that Europe was the avant-garde of global development, driven by faith in markets. Now, under growing scrutiny from member states and citizens, the EU prioritizes delivering visible benefits, often at the expense of its closest partners. Its COVID-19 response exemplified this reactive posture, as it redirected medical supplies from vulnerable neighbours – securing immediate gains but eroding trust and undermining long-term cooperation.[13] Officials said the EU was merely behaving like 'other' great powers, such as China and the U.S.

The EU's long history as an alternative to classical geopolitics

In adopting imperial-era power politics, the EU has fallen into historical habits and short-term policies that can – and should – be reimagined. This was in fact the European Union's founding mission: to rethink *Liberalpolitik* by leveraging markets to reshape identities and histories, so

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[11] Myriam Douo, 'Climate Colonialism and the EU's Green Deal', *Al Jazeera*, 23 June 2021, https://www.aljazeera.com/opinions/2021/6/23/the-eus-green-deal-could-propagate-climate-colonialism; Katharina Koch, Alaz Munzur, and Jennifer Winter, 'Climate Policy as a Geopolitical Tool: How the European Union's Carbon Border Adjustment Mechanism Affects Its Relationships with Africa and China', in *The Palgrave Handbook on China-Europe-Africa Relations*, ed. Yichao Li, Francisco José B. S. Leandro, João Tavares da Silva, and Carlos Rodrigues (Singapore: Palgrave Macmillan, 2025), 973–1006.

[12] 'Tusk to Erdogan: Don't "Weaponize" Refugees,' *Deutsche Welle*, 11 October 2019, https://www.dw.com/en/dont-weaponize-refugees-eus-tusk-tells-turkey/a-50794532; Alia Fakhry, Roderick Parkes, and András Rácz, 'Migration Instrumentalization: A Taxonomy for an Efficient Response,' *Hybrid CoE Working Paper* no. 14 (8 March 2022), https://www.hybridcoe.fi/publications/hybrid-coe-working-paper-14-migration-instrumentalization-a-taxonomy-for-an-efficient-response/.

[13] Another example is the EU's 'outsourcing' of migration control to neighbours: Luiza Bialasiewicz, 'Off-Shoring and Out-Sourcing the Borders of Europe: Libya and EU Border Work in the Mediterranean,' *Geopolitics* 17, no. 4 (2012): 843–866.

neutralizing the foundations of *Realpolitik*. In the 1950s, Europe's market integration was not driven by blind faith in progress (Angell) or a desire to scale up European resources (Mackinder). Instead, it was a deliberate effort to address the root causes of conflict in Europe – history, geography, identity, and borders. By mutualizing the resources of war – coal, steel, and young men – the EU turned them into instruments of peace, making war among Europeans less likely and creating policies that could inspire others.

As late as the 1990s, it was still using markets and other means to empower local actors to devise creative solutions to the challenges posed by Europe's history. The Schengen area and the eurozone exemplified this approach. By lightening internal borders, Schengen enabled human exchange and allowed people to build layered identities. Euro notes, adorned with generic bridges and windows, symbolized connection and openness. Tourists, workers, consumers could cross borders, spend their money, and feel a connection to a shared architectural heritage. These initiatives inspired local businesses and civic groups to reimagine their environments and became a model for governance experiments abroad, with the EU flag as a global symbol of territorial innovation.

But the EU grew lazy. It excelled at dismantling borders through bold experiments, but it passed the burden to others to address the resulting challenges with creativity. The European Border and Coast Guard Agency, Frontex, once embodied this creative ethos. Two decades ago, its officials still described their mission as crafting imaginative local border solutions within a European framework. Innovative border arrangements – like those between the Netherlands and Germany or Finland and Russia – were successfully applied to hotspots such as Greece, showcasing a capacity for decentralized problem-solving.[14] Flexible and unusual, the EU avoided being cast as a great-power competitor. Today, Frontex is overwhelmed by

[14] The management of crossings at the Finnish-Russian border, for instance, was purposefully decentralized, with border officials meeting regularly and enjoying a hotline to each other. Ministers would meet once yearly to decide on goals and standards, and the principle was that tensions would be handled quickly and locally, preventing border traffic becoming a source of geopolitical tension or a tool of one-upmanship. Frontex's first head was a Finn who exported such practices to other EU borders: Alan Sweedler. 1994. 'Conflict and Cooperation in Border Regions: An Examination of the Russian-Finnish Border.' *Journal of Borderlands Studies* 9, no. 1: 1–13.

pressures to 'protect Europe'[15] and is best known for its association with human rights abuses at our borders.

The EU has simply lost its capacity for reimagining the root causes of problems, and it has therefore turned toward classic thinking. Centralizing tendencies within EU institutions have transformed the Union from a flexible problem-solving tool into an end-in-itself, taking on competencies traditionally associated with national-level actors on foreign policy and defence. Although the EU insists it is not becoming a state, its actions suggest otherwise. This denial prevents meaningful reflection on how it acquires and prioritizes new powers – essential questions about the kind of state it is evolving into. Its current emphasis on security and protectionism reflects this shift, as does its limited focus on areas like civic education or tax redistribution, which could strengthen cohesion from within.

EU enlargement policy has likewise shifted from problem-solving to assertive international competition. Until two decades ago, each wave of expansion – from accommodating the end of empires (1973) to fostering democracy (1981–1986), addressing bipolarity's collapse (1995), and reshaping the post-Cold War order (2004–2013) – redefined Europe's territorial architecture. Once framed as transformative, enlargement is now viewed through a classical geopolitical lens, prioritizing size, strategic advantage and the assertion of civilizational values. To bolster its claim that it is an enlightened player, the EU often cites countries' eagerness to join, ignoring how its dominance leaves its neighbours with few alternatives – a self-justification reminiscent of Europe's old empires.

The need to reclaim an imaginative approach in a fragmented world

The EU once embodied an alternative to classic imperial geopolitics. It reimagined international order by taking a hands-on approach to history and geography, to identity and borders. Initiatives such as mutualizing coal and steel production and dismantling barriers to human exchange turned

[15] Jorrit J. Rijpma, 'Frontex: Successful Blame Shifting of the Member States?' *Elcano Newsletter*, no. 6 (2010), https://www.realinstitutoelcano.org/en/analyses/frontex-successful-blame-shifting-of-the-member-states-ari/; Tim Heinkelmann-Wild and Bernhard Zangl, 'Multilevel Blame Games: Blame-Shifting in the European Union,' *Governance* 33, no. 4 (2020): 953–969.

division into connection – so long as the EU committed to the hard work. This ethos extended outward, with the European flag becoming a symbol of territorial innovation. Today, the world offers even greater opportunities for innovative governance – in West Africa, say, or the Middle East, where millions are grappling with flux and transformation. Yet the EU finds itself out of sync with the popular mood for change, listening to elite voices while ignoring grassroots dynamics.[16]

To move forward, Europeans must confront their imperial myths – narratives that trap them in outdated thinking. First, the EU must recognize that the rivalry between the U.S. and China mirrors the imperial-era competition between Britain and Russia. While this return to power politics may seem inevitable, the EU should resist this framing, balancing assertiveness with creativity to chart its own course. Second, the EU must not be overshadowed by France's vision of a multipolar order. Germany's role here is crucial: instead of acting as a regional hegemon under France's lead, it must reclaim leadership in innovative *Europapolitik*. Together, Germany and France can aim beyond the overregulation and protectionism that currently define the EU as a 'regulatory power.'

The EU must therefore begin with a clear diagnosis of its choices. A 'multipolar order' is a contradiction, fostering a constant tug-of-war among powers like the U.S., Brazil, India, and China, preventing stable global norms and institutions. This instability will likely solidify into bipolar competition between the U.S. and China. In this scenario, France's efforts to position Europe as an independent pole will have limited impact. Authority and material power will shift toward the Pacific, leaving the EU to navigate U.S. demands for alignment, the destabilizing effects of U.S. disengagement in the Atlantic, and growing economic reliance on China.

As in the 1950s, therefore, the EU now faces a fundamental choice: align with the U.S. as a junior partner in a bipolar global order, but this time as a peripheral player because the main threat lies in the Pacific rather than the Atlantic; or acknowledge that it is not a great power but an agglomeration of smaller states and work to build a more equitable and imaginative global order that suits it and other small players. The current situation bears out

[16] Roderick Parkes, *City Diplomacy: The EU's Hidden Capacity to Act*, DGAP Policy Brief no. 21 (Berlin: Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik e.V., 2020), https://nbn-resolving.org/urn:nbn:de:0168-ssoar-69821-0.

the truism that there are no easy choices in international affairs. Either way, to chart a sustainable future, Europeans must return to the founding spirit of European integration, which sought to reimagine and resolve global power dynamics rather than serve as an end in itself.

EU Competitiveness: the wrong obsession?

Judith Arnal

Competitiveness: an influential buzzword

Geopolitical tensions, including the technological rivalry between China and the US and the energy crisis following Russia's invasion of Ukraine, have brought new concepts into economic policy. Not long ago, there was much talk of 'strategic autonomy', originally rooted in security and defense and now framed as 'open strategic autonomy'. Today, another buzzword is dominating the minds of policymakers in the EU: *competitiveness*.

Though the debate about the EU's progressive loss of competitiveness vis-à-vis other jurisdictions might seem recent, it was already discussed at the highest level in the early 1990s. In a 1994 *Foreign Policy* article, Nobel laureate Paul Krugman referred to a presentation delivered by Jacques Delors in June 1993 to the leaders of the European Community. In this presentation, Delors argued that 'the root cause of European unemployment was a lack of competitiveness with the United States and Japan and that the solution was a program of investment in infrastructure and high technology'. However, far from being impressed by Delors' remarks, Krugman offered a deeply critical response. He argued that, although concerns about competitiveness might appeal to many, they are

largely unfounded and can lead to skewed economic policies that pose risks to the international economic system.[1]

This essay first asks how competitiveness has been defined by various institutions, highlighting the flexibility of this concept and its convenient use for political and narrative purposes. Second, it asks whether the EU is the right territorial scope for improving competitiveness, or, put differently: is the EU homogeneous enough to be considered a single competitive entity? Against this backdrop, it concludes with a set of policy recommendations. As the concept of competitiveness seems here to stay, it is essential to ask the right questions: where is agreement needed, what should be measured, what is best done by the member states, and where does the EU add value? Finally, it suggests we may not need to look across the Atlantic to find a guiding model – some EU members could serve as useful benchmarks.

A flexible concept, convenient for political and narrative purposes

Competitiveness has re-emerged in EU's public policy debate due especially to the widening gap in per capita GDP between the EU and the US, with the latter recovering earlier and more robustly from the last financial crisis, as shown in Figure 1. This divergence is compounded by the relative decline in the global GDP shares of both the EU and the US compared to rising powers like China. In 2023, according to IMF data, China's GDP accounted for 18.7% of global GDP, compared to 15.6% for the US and 14.5% for the EU. By contrast, 30 years earlier, in 1993, the EU represented 20.8% of global GDP, with the US and China trailing at 19.7% and 4.9%, respectively. Notably, the EU at that time consisted of only 12 member states.

The situation is considered so critical by EU institutions that the President of the European Commission, Ursula von der Leyen, tasked the former President of the ECB and Prime Minister of Italy Mario Draghi with producing a report on competitiveness. Draghi presented a comprehensive 400-page report in September 2024, providing a detailed

[1] Krugman, P. (1994). *Competitiveness: A dangerous obsession.* Foreign Affairs, 73(2), pp. 28–44.

diagnosis of EU competitiveness along with a broad set of horizontal and sector-specific recommendations.[2] Draghi's report identifies three main areas for action to reignite sustainable growth, namely: closing the innovation gap, preparing a joint plan for decarbonization, and increasing security while reducing dependencies. Building on these three areas and as a follow-up to the Draghi report, the European Commission adopted, in January 2025, a Communication on a Competitiveness Compass for the EU.[3] Given the institutional follow-up and impact, the Draghi report stands as the flagship document on competitiveness, but it is not the first institutional report on the topic. Institutions such as the European Investment Bank (EIB), the World Economic Forum (WEF), and the European Commission have also published in-depth analyses on competitiveness.[4]

The EIB, in particular, offers a robust conceptual framework for defining competitiveness and increasing it. Competitiveness is framed as the capacity to generate wealth, anchored in three main pillars. First, an enabling institutional environment that includes human capital, strategic infrastructure, an efficient financial sector, and well-designed regulatory and taxation systems. Second, firms must have the ability to drive and adapt to change through product and process innovation, adoption of advanced technologies, and the growth of high-value-added firms and sectors. Finally, these elements should translate into productivity growth, trade performance, and economic well-being, supported by structural reforms, the removal of barriers to investment, and deeper EU Single

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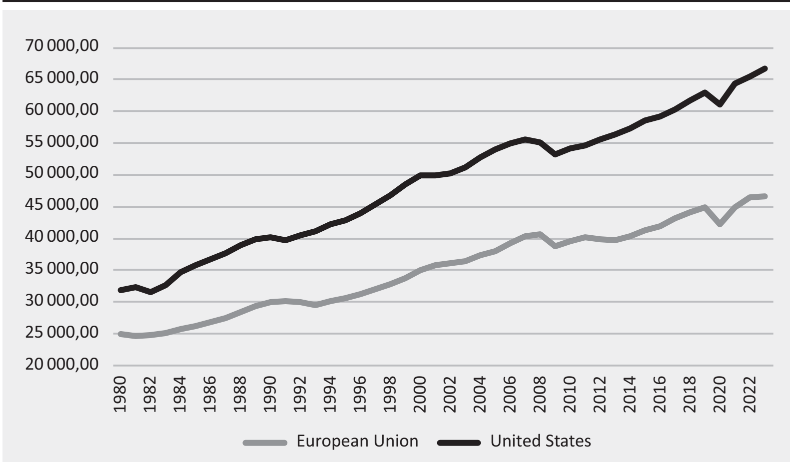
2 Draghi, M. (2024). *The future of European competitiveness: A competitiveness strategy for Europe*. European Commission.

3 European Commission (2025). *A Competitiveness Compass for the EU* (COM(2025) 30 final).

4 European Investment Bank (2016). *Restoring EU competitiveness*, https://www.eib.org/attachments/efs/restoring_eu_competitiveness_en.pdf; World Economic Forum (2014). *Europe 2020 Competitiveness Report: Building a more competitive Europe*, https://www3.weforum.org/docs/WEF_Europe2020_CompetitivenessReport_2014.pdf; European Commission (2024). *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions: A competitiveness strategy for Europe* (COM(2024) 77 final); Pelkmans, J. (2024). *A critical first response to Mario Draghi's competitiveness report*. Centre for European Policy Studies. Retrieved from https://www.ceps.eu/ceps-publications/a-critical-first-response-to-mario-draghis-competitiveness-report/.

Figure 1. Per capita GDP in constant prices and PPP (USD)



Source: Own elaboration based on International Monetary Fund

Market integration, particularly regarding financial services, energy and telecommunication services.[5]

The WEF published in 2014 its Europe 2020 Competitiveness Report, defining competitiveness as 'the set of institutions, policies, and factors that determine the level of productivity of a country', and measuring it through a Global Competitiveness Index (GCI) that takes into account 12 interrelated factors: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.

For its part, in 2023, the European Commission published a competitiveness report, which was followed up by new versions in February 2024 and January 2025, this time combining the single market and competitiveness. The Commission identifies nine drivers of the EU's competitiveness: (1) the single market, (2) access to private capital and investments, (3) public investment and infrastructure, (4) research and

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[5] Letta, E. (2024). *Much more than a market: Report by Enrico Letta*. Council of the European Union.

innovation, (5) energy, (6) circularity, (7) digitalisation, (8) education and skills, and (9) trade and open strategic autonomy. Based on these nine indicators, the EU's competitiveness compared to the US reveals more weaknesses than strengths. Key challenges for the EU include lower public investment, limited access to venture capital, higher energy costs, and lower spending on R&D, digitalisation, and workforce skills. However, the EU benefits from better circularity, a resilient banking sector, and a strong (but declining!) share of global exports, highlighting the need for targeted policies to sustain and enhance its competitive position.[6]

As evident from the four reports mentioned, the respective definitions of competitiveness share some common points but differ in others. This demonstrates that there is no official or universally established definition of competitiveness, making it a convenient and flexible term for narrative or political purposes, though less relevant for diagnosis, the formulation of effective policy measures, and progress monitoring. This means an alternative, objective and measurable metric should be used.

In his article from 1994, Paul Krugman stated that 'productivity isn't everything, but in the long run, it's almost everything'. Surprisingly, the Commission chose not to include productivity measures as indicators of competitiveness, despite the fact that maintaining competitiveness over time is very challenging without solid productivity performance. In other words, although competitiveness may fluctuate independently of productivity – for example a weak currency may make a country more competitive without it having become any more productive – companies' ability to remain in the market over the long run largely depends on the efficient use of resources and technology; essentially, productivity. And the EU does not perform well on this measure: over the last two decades, EU productivity per hour worked has been substantially lower than that of the US, as can be seen in Figure 2.

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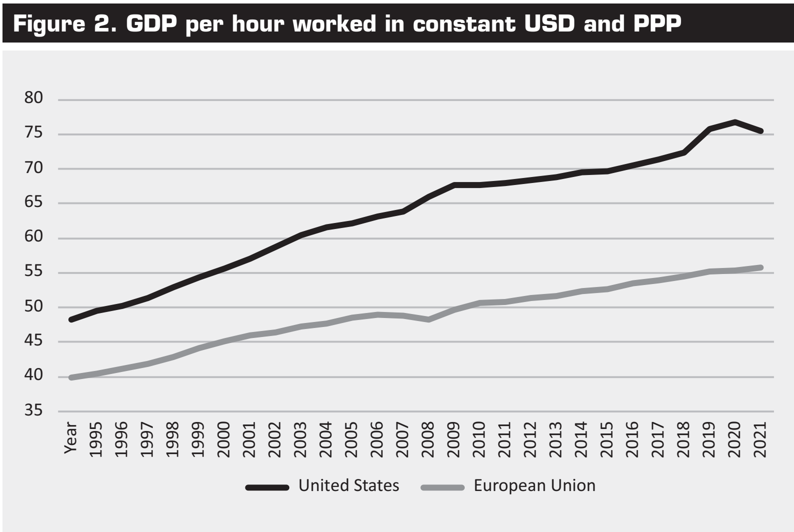
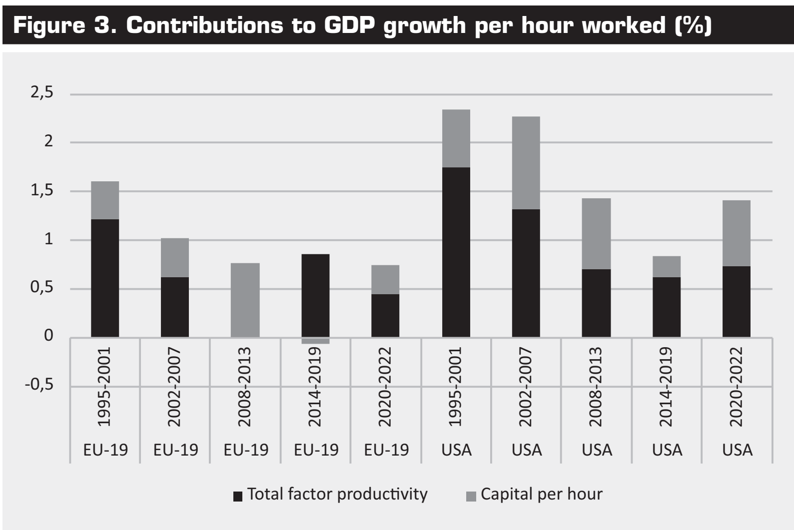
[6] Arnal, J. & Feás, E. (2024). *Competitiveness: The widening gap between the EU and the US*. Elcano Royal Institute, https://www.realinstitutoelcano.org/en/analyses/competitiveness-the-widening-gap-between-the-eu-and-the-us/; Thomadakis, A. & Arnal, J. (2024) *Ten Years of the Single Supervisory Mechanism: Looking into the Past, Navigating into the Future*, Journal of Financial Regulation, Volume 10, Issue 2, September 2024, pp. 253–258.

Figure 2. GDP per hour worked in constant USD and PPP



Source: Own elaboration based on OECD

Figure 3. Contributions to GDP growth per hour worked (%)



Source: Own elaboration based on AMECO

The differences in GDP per hour worked between the EU and the US are not primarily due to significant disparities in capital per hour worked[7] but are instead largely attributable to lower total factor productivity,[8] as shown in Figure 3. There is broad consensus that one of the key reasons for lower productivity in the EU is the inability of European firms to fully capitalise on the efficiency improvements brought about by information and communication technologies (ICT).[9] The literature identifies two main explanations for this.[10] First, the business environment in the US has been more conducive to ICT investment by firms, indeed, it has required it of them. Second, US firms demonstrate superior management practices, which have enabled them to achieve significantly higher productivity gains from ICT than their European counterparts, even when operating within the same regulatory framework.

Policymakers clearly find 'competitiveness' to be a useful buzzword. However, the lack of a common definition poses the risk of opportunistic interpretations of the current state of play and future developments, as well as additional challenges in monitoring progress. In this context, while discussing competitiveness may seem more straightforward, close attention should be paid to *productivity*, *adoption of information and communication technologies*, *competition*, and *management practices*.

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7 Capital per hour work refers to the amount of physical capital (e.g., machinery, tools, and infrastructure) available to workers for each hour of labour. It is a measure of capital intensity, indicating how much equipment or resources are used to enhance productivity per unit of labour.

8 Total factor productivity represents the efficiency with which labour and capital inputs are combined to produce output. It captures factors such as technological innovation, organizational efficiency, and economies of scale that are not explained by labor or capital inputs alone.

9 Gordon, R.J. & Sayed, H. (2020). *Transatlantic Technologies: The Role of ICT in the Evolution of U.S. and European Productivity Growth*, *NBER Working Papers*, No 27425, June; Schivardi, F. & Schmitz, T. (2020). *The IT Revolution and Southern Europe's Two Lost Decades*, Journal of the European Economic Association, Vol. 18(5), pp. 2441–2486, October.

10 Schnabel, I. (2024). *From laggard to leader? Closing the euro area's technology gap*. European Central Bank.

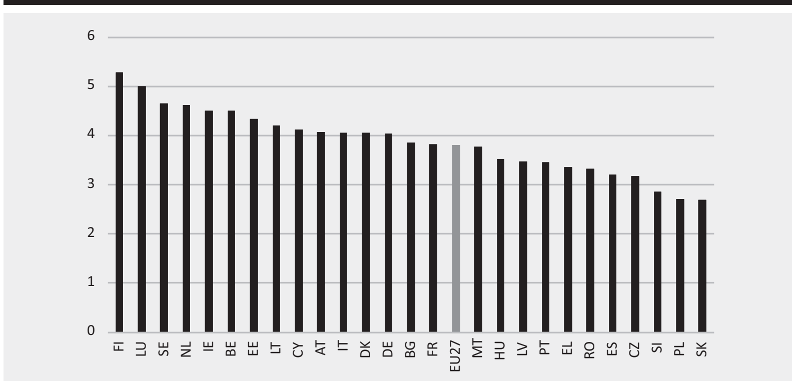
Analysing the EU: the appropriate territorial scope?

The territorial focus of Draghi's report, on which the European Commission's priorities for the coming institutional cycle are based, has been on the EU as a whole. However, the EU comprises 27 different jurisdictions. In this context, one might question whether the state of competitiveness within the EU is homogeneous enough to refer to the competitiveness of the EU as a single entity, or whether, instead, significant differences prevail. To conduct this analysis, a comparison is made below based on the most relevant competitiveness factors identified by the European Commission, namely, regulatory environment, access to capital, investment in research and development, energy and digitalisation.

Internal market: ease of regulatory compliance

The internal market has been extensively discussed, with an in-depth analysis and policy recommendations provided in the Letta Report. One of the key elements for the proper functioning of the internal market is a harmonised regulatory framework. The ease of regulatory compliance indicator sheds light on this aspect, evaluating how companies perceive the difficulty or ease of complying with government regulations and standards. A score of 1 indicates great difficulty, while 7 reflects extreme ease. As illustrated in Figure 4, there is significant variation among member states, with Finland, Luxembourg, and Sweden reporting the highest levels of ease.

Figure 4. Ease of regulatory compliance indicator

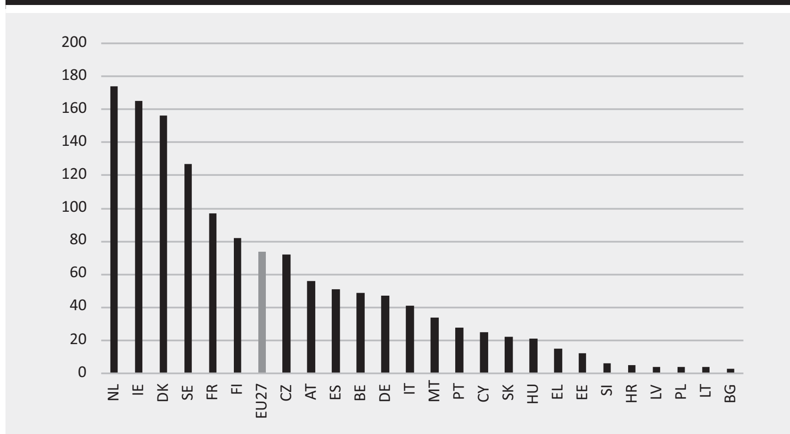


Source: Own elaboration based on Single Market Scorecard

Access to private capital and investment

Private credit originating from the banking sector as a percentage of GDP is significantly higher in the EU than in the US. This means that the volume of market financing as a share of business financing in the EU is meagre, which restricts possibilities of financial diversification for companies and makes it more difficult to absorb macroeconomic shocks.[11] In 2015, the Capital Markets Union project was launched, with very limited success up to this date, triggering a revamp in the Letta report and renaming it as a Savings and Investment Union. Nevertheless, capital markets development among EU member states is far from being homogeneous. As shown in Figure 5, countries like the Netherlands, Ireland, Denmark or Sweden have on average a much bigger market for corporate bonds relative to the size of their economy than bank-based countries such as Italy, Germany, Spain or Austria.[12]

Figure 5. Size of the corporate bond markets across member states (% of GDP, 2023)



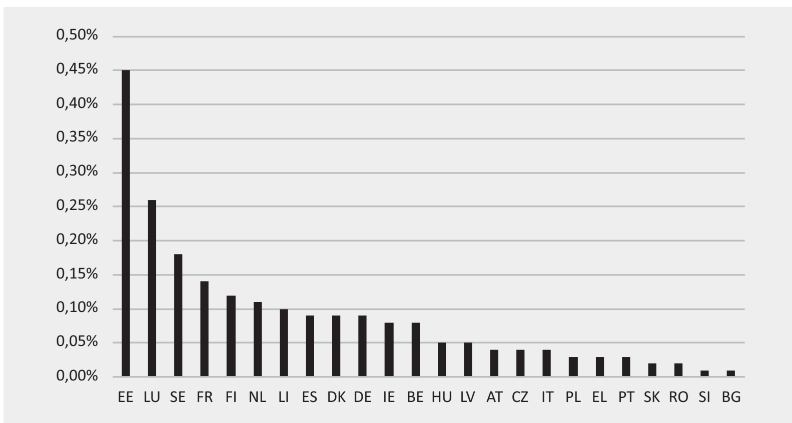
Source: Own elaboration based on the Bank of International Settlements and Eurostat

[11] Arnal, J. & Thomadakis, A. (2024). *Are the European Commission's plans on financial services what the EU needs? Intereconomics*, 59(6), pp. 319–326.

[12] Lannoo, K., Thomadakis, A. & Arnal, J. (2024). *Staying ahead of the curve: Shaping EU financial sector policy under von der Leyen II*. Centre for European Policy Studies.

Risk capital investments are low in the EU, which impedes the development of start-ups and scale-ups.[13] Risk capital is particularly relevant for early-stage companies that do not yet have a sufficient track record to access more traditional financing sources, such as banking. In 2023, venture capital investment in the EU27 represented 0.1% of GDP, seven times lower than that in the US (0.7% of GDP). But again, the situation is not uniform across member states, as shown in Figure 6, with Estonia, Luxembourg and Sweden being at the top of the list.

Figure 6. Investment in venture capital as a % of GDP (2022)



Source: Own elaboration based on Statista

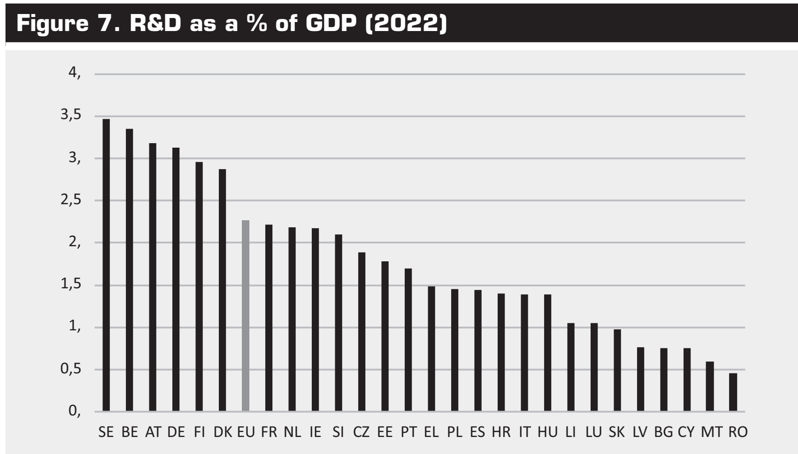
Research and innovation

Spending on R&D is essential for enhancing an economy's growth potential, particularly in the context of a technological race and the urgent need to lead in the green and digital transitions. The EU is not well-positioned in relative terms, with average R&D expenditure at 2.2%, compared to 3.5% in the US and 3.3% in Japan. However, there are significant variations in R&D spending across member states, as shown in Figure 7. Sweden matches the US level, while Belgium, Austria, and Germany are on par with Japan.

[13] Thomadakis, A., Arnal, J. & Lannoo, K. (2024). *What must be prioritised for the financial sector over the next five years.* Centre for European Policy Studies.

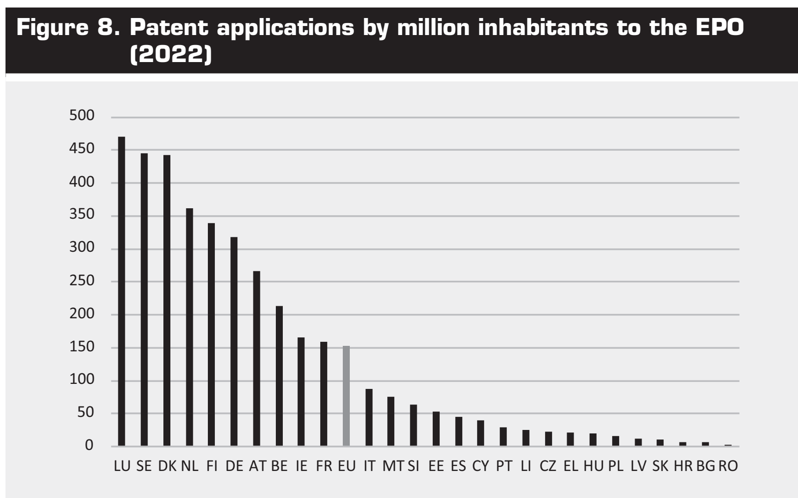
Another key indicator of technological innovation is the number of patent applications per million inhabitants to the European Patent Office (EPO), where significant differences also emerge among member states, with Luxembourg, Sweden and Denmark being at the top of the (see Figure 8).

Figure 7. R&D as a % of GDP (2022)



Source: Own elaboration based on Statista

Figure 8. Patent applications by million inhabitants to the EPO (2022)



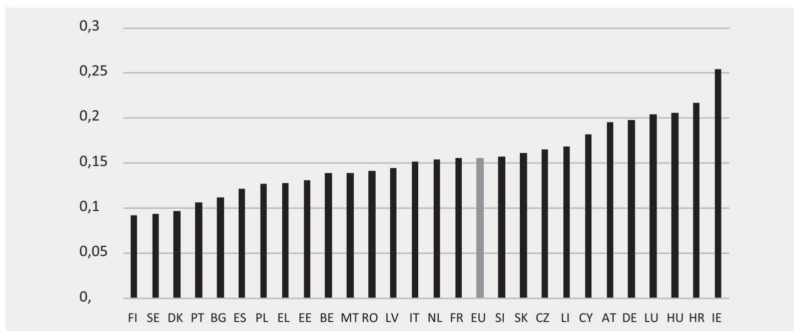
Source: Own elaboration based on Eurostat

Energy

Higher and more volatile energy costs in the EU are also one of the areas where the EU is in a worse position than the US. However, again there are significant differences among member states, as illustrated in Figure 9, with Finland, Sweden, and Denmark showing significantly lower electricity prices for companies compared to the EU average or other member states.

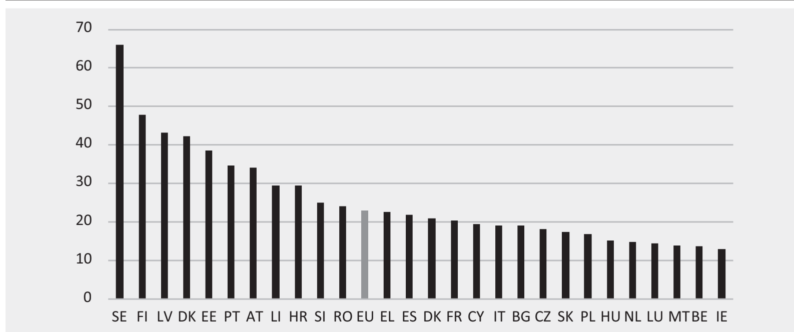
Russia's brutal invasion of Ukraine, along with the resulting increase in energy prices and the ongoing fight against climate change, highlight the urgency of deploying renewable energy sources. As shown in Figure 10, the share of renewable energy in total energy consumption varies significantly across EU member states, with Sweden standing out as by far the most advanced member state in the use of renewable resources.

Figure 9. Electricity prices for non-household consumers (EUR/KwH first half 2024)



Source: Own elaboration based on Eurostat

Figure 10. Share of energy from renewable resources (2023)



Source: Own elaboration based on Eurostat

Digitalisation

The absence of so-called Big Tech companies is often cited as an example of the EU lagging behind in innovation in the field of digital technology. While there is a clear dominance of US companies among the ten largest software and semiconductor companies by market capitalisation, two EU firms stand out: Germany's SAP in software and the Netherlands' ASML in semiconductors.

These firms were all responsible for new technologies, but being responsible for the creation of digital innovations is not the only relevant factor. Indeed, as argued in section 1, *adoption* of digital technologies by companies is a critical factor for productivity. In this regard, EU businesses are also behind their US counterparts, and look set to fall further behind. A study by the ECB[14] shows that fewer than 30% of companies in the European Union – generally those closest to the technological frontier – manage to use digital technologies in a way that enhances productivity over time.[15] The 2030 target of the Digital Compass is that more than 90% of EU small and medium-sized enterprises (SMEs) should reach at least a basic level of digital intensity. Nevertheless, the difference across EU member states is remarkable, as illustrated in Figure 11, with Finland, Sweden and the Netherlands at the top of the classification.

Finally, specialised talent, particularly in the ICT sector, is critical for both innovation and the implementation of digital technologies. Once again, significant differences between member states are evident, as illustrated in Figure 12. Sweden, Luxembourg, and Finland rank highest in terms of ICT specialists as a percentage of total employment.

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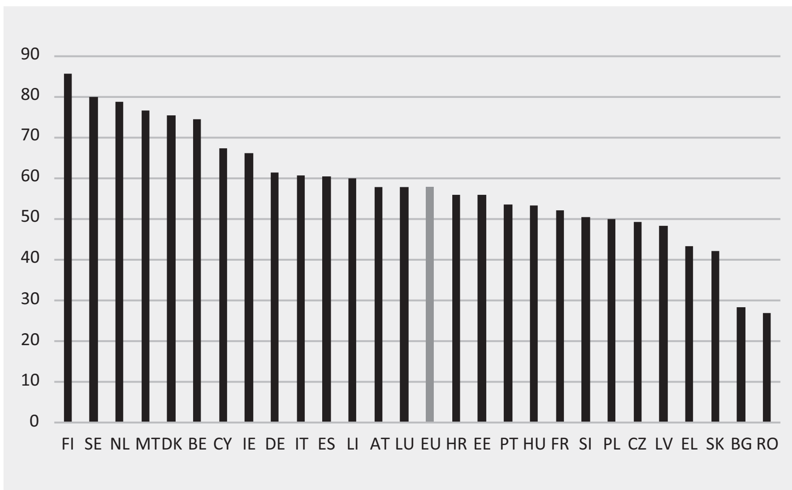
[14] Schnabel, I. (2024). *From laggard to leader? Closing the euro area's technology gap*. Inaugural lecture of the EMU Lab, European University Institute, Florence. European Central Bank.

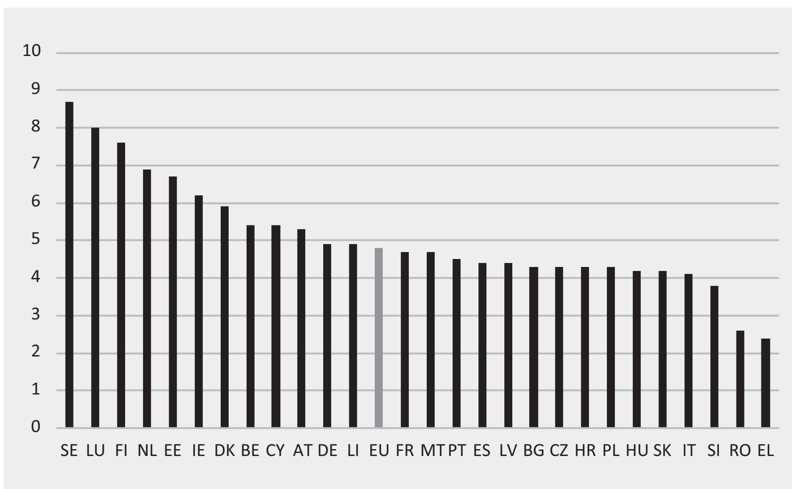
[15] European Investment Bank (2020). *What drives firms' investment in climate action? A new survey-based approach*. Economics Working Paper 2020/07.

Figure 11. Percentage of SMEs with at least a basic level of digital intensity (2023)



Source: Own elaboration based on Eurostat

Figure 12. ICT specialists as a % of total employment (2023)



Source: Own elaboration based on Eurostat

How to define, discuss, and deal with a concept that is here to stay

As discussed, competitiveness is neither a clear nor a well-established concept. Nonetheless, in light of the political priorities of the new European Commission, it is here to stay. In this context, it is crucial to define, discuss and deal with the concept in a way that favours the desired outcomes.

We have also seen that there are significant differences among EU member states in the most critical pillars of competitiveness: a common pattern emerges, with Scandinavian countries – particularly Sweden – consistently excelling across various areas. Any measure must therefore take these differences into account.

Several conclusions can thus be drawn from this analysis:

First, it is essential to define clear key performance indicators (KPIs) to measure progress on an annual basis. Without such metrics, there is a risk that the concept eclipses the real challenges or is manipulated to project the desired image at any given time. Even though the European Commission publishes a yearly report measuring progress across member states on various factors underpinning competitiveness, these reports serve purely informational purposes, receive limited media coverage, and do not generate peer pressure.

Second, discussing EU-wide competitiveness is insufficient and may even lead to misguided diagnoses. It is essential for member states to urgently conduct national-level assessments of their competitiveness, accompanied by concrete policy recommendations. The European Commission could play a pivotal role in coordinating these efforts, which might include the development of national competitiveness roadmaps. In its Competitiveness Compass, the European Commission proposes the introduction of a new Competitiveness Coordination Tool to collaborate with member states on common competitiveness priorities in selected key areas and projects deemed of strategic importance and common European interest. Nevertheless, while the details of the proposal remain to be seen, it does not appear to follow a model requiring member states to analyse their national situation and propose urgent reforms.

Third, there is no need to look across the Atlantic for lessons on improving the EU's competitiveness. Within the EU, there are already leading examples that could serve as benchmarks for lagging member states.

Fourth, competitiveness leaders have a particular responsibility to provide technical assistance and advice to other member states, if requested. Indeed, member states showing an above the average performance in the KPIs have a key role to play in providing advice for the benefit of the common European interest.

The EU should not waste energy by discussing sensitive topics that are not essential under current circumstances, such as Eurobonds, and instead focus on such lessons. Indeed, while financially desirable and a key component of the Economic and Monetary Union's architecture,[16] this debt instrument risks causing political division and hindering progress in other areas.

Nevertheless, we should keep the EU perspective in sight. The EU plays a pivotal role, particularly when it comes to the internal market and external trade. The internal market has been proven to be one of the EU's greatest sources of wealth, with significant room for improvement, especially in services. Indeed, a substantial part of the growth gap between the EU and the US can be largely attributed to Europe's lower productivity growth in service sectors where integration remains most incomplete.[17] In external relations, the EU must act as a unified geopolitical actor, ensuring strong internal coordination and presenting a single voice to the outside world. Such coordination will be crucial for effectively attracting external investments in key sectors, such as the semiconductor industry[18] and for strengthening its position in negotiations with other major powers like the US and China.

Competitiveness, while often a useful political narrative for EU-level leaders, must be grounded in national realities to deliver meaningful results. The diversity among EU member states is not a challenge to overcome but a strength to be harnessed, provided that national-level assessments and tailored policy actions are prioritised. A purely EU-wide approach risks diluting the nuances that define the unique challenges and opportunities

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[16] Arnal, J. (2023). *Ten guiding principles to help cover the EU's investment needs*. Elcano Royal Institute.

[17] Guerrieri P. & Padoan P.C. (2020), *L'economia europea. Tra crisi e rilancio*, Il Mulino, Bologna.

[18] Arnal, J., García García, E. & Jorge-Ricart, R. (2023). *Policies and tools for strengthening the European semiconductor ecosystem*. Elcano Royal Institute.

of each country. By establishing clear metrics, encouraging collaboration among member states, and using the EU's internal market as a foundation for national progress, the drive to increase competitiveness can be a tool for delivering shared prosperity. Ultimately, the EU's ability to thrive will depend on recognising that its collective success begins with empowering its individual members to reach their full potential.

SECURITY

Security, Europe!

Monika Sus

A multidimensional and complex concept at the top of the political agenda

The revisionist policies of Russia, exemplified by the ongoing war in Ukraine and frequent instances of hybrid warfare targeting European countries, have upended the European security architecture. That country's full-scale invasion of Ukraine has not only revived the hard dimension of security – long overlooked by many European nations – and starkly shown the fragility of the European neighbourhood, but has also exposed other European vulnerabilities, particularly in the realms of economics, energy, and disinformation.

Security, in its broadest sense, has thus become the central theme of EU policymaking. As Ursula von der Leyen put it in her vision for Europe for the next five years;

> We will look at all of our policies through a security lens. We will plan for scenarios that we hope will never come to pass, but we cannot take the risk of being underprepared or over reliant.[1]

[1] Ursula von der Leyen, *Europe's Choice. Political Guidelines for the next European Commission 2024–2029.* (Strasbourg, 2024), p. 11.

Her statement underscores the heightened political priority that security has attained in the past three years. Simultaneously, the concept of 'security' itself has evolved, gaining significant complexity in both scope and interpretation. Recent policy documents and speeches of the EU institutions and national leaders indicate that their response to the deterioration of the geopolitical environment is grounded in a multidimensional approach to security. It encompasses various areas, including military and defence; cybersecurity; infrastructure security; water and food security, as well as economic and social aspects, such as the security of supply chains for technologies and critical raw materials (CRM); border security; civilian preparedness and democratic resilience.[2] This complex understanding of security, coupled with the call for urgent action, is aptly reflected in the programme and the slogan of the Polish EU Council Presidency (January–June 2025): 'Security, Europe!'[3] The urgency of EU preparedness to address complex global threats intensified following Donald Trump's victory in the U.S. presidential race, as it signalled the likelihood of reduced American engagement in ensuring European security.[4] This shift was underscored by the Trump administration's announcement in February 2025 of plans to initiate peace talks with Russia regarding the Ukraine conflict, notably excluding European allies from the negotiations.[5]

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2 Von der Leyen, *Europe's Choice. Political Guidelines for the next European Commission 2024–2029*; Ursula von der Leyen, 'Statement at the European Parliament Plenary by President Ursula von Der Leyen, Candidate for a Second Mandate 2024–2029', 2024; Kaja Kallas, 'Ukraine: Speech by High Representative/Vice-President Kaja Kallas at the EP Plenary on Russia's Disinformation and Historical Falsification to Justify Its War of Aggression', *European External Action Service*, 2024; Enrico Letta, *Much More Than A Market: Speed, Security, Solidarity*, 2024; Sauli Niinistö, *Safer Together. Strengthening Europe's Civilian and Military Preparedness and Readiness* (Brussels, 2024); Ursula von der Leyen, *Mission Letter to Andrius Kubilius Commissioner-Designate for Defence and Space New Commissioner* (Brussels, 2024); Council of the European Union, 'Taking Forward the Strategic Agenda. 18-Month Programme of the Council (1 July 2023–31 December 2024)' (Brussels: Council of the European Union, 2023).

3 Ministry of Foreign Affairs of the Republic of Poland.

4 William A Galston, *Republicans Are Turning against Aid to Ukraine*, Commentary, 2023.

5 Henry Foy, Laura Pitel, Anne-Sylvaine Chassany, Max Seddon, George Parker, 'Europe races to respond as US and Russia prepare for Ukraine peace talks', *Financial Times*, 17 February 2025.

Security has consequently become a multifaceted concept, shaped by the interconnectedness of its various dimensions. Recognizing the significance of all the aforementioned aspects, this essay argues that prioritizing defence against the Russian threat remains essential. This challenge has become the EU's most immediate priority, with the potential to undermine other security dimensions if left unaddressed. Failing to confront this existential danger threatens to weaken other security dimensions, as long-term economic stability, energy security, climate change, and societal resilience all rely on a strong foundation of territorial security. As von der Leyen pointed out as early as March 2022: 'How we respond today to what Russia is doing will determine the future of the international system'.[6]

Against this backdrop, the essay primarily focuses on exploring how the EU seeks to respond to the most pressing challenge and provide security against the Russian threat. It examines the implications of this security emphasis for EU policymaking. Are the tools and strategies in place sufficient to address the challenge?

Perceiving security as a European public good

Despite decade-long warnings from many Central and Eastern European countries, as well as the Baltics and Nordics, about the growing salience of Russian imperialist ambitions, it took a full-scale invasion of Ukraine to alert all of Europe. For better or worse, and despite a lingering perception gap regarding the ultimate goals of the Russian Federation – whether it involves 'only' subjugating Ukraine or eventually trying to further undermine NATO by attacking its members, the leaders of the European Union and of the EU member states now appear to be aware that the EU must actively work to preserve peace on the continent. Peace remains the foremost objective of the European project, and, alongside economic prosperity, it has constituted one of the main benefits of European integration for its citizens over the past decades.

The EU has recognized that the most unprecedented challenge arising from Russia's war in Ukraine – and the broader threat posed by Kremlin policies to the European security architecture – is the need to ensure the

[6] Von der Leyen, 'Speech by President von der Leyen at the European Parliament Plenary on the Russian Aggression against Ukraine', *European Parliament*, October 2022, pp. 20–21.

economic security of EU citizens while simultaneously advancing the defence capabilities and democratic resilience of member states against Russian hybrid warfare, manifested most notably by disinformation campaigns.[7] These efforts seem necessary, not only to deter Russia but also to support Ukraine in its fight for freedom. The prominent narrative around the need to switch to a wartime economy in the EU by rapidly increasing investments in the defence industry represents a significant shift, as a war on the European continent had long seemed a relic of the past. EU leaders have also started to increasingly emphasize the need for collective investment and shared responsibility to ensure the security of all member states.[8]

At the same time, EU leaders seem to recognize that strengthening defence capabilities must go hand in hand with economic prosperity. Economic prosperity, in this context, refers not only to the growth and stability of the EU economy but also to ensuring the sustainability of key industries, the creation of high-value jobs, and the fostering of innovation and technological advancement.[9] Doing so is essential for enhancing the resilience of European countries against threats to democracy, such as illiberal and populist tendencies, often fuelled by disinformation campaigns run by Russia and China.

This new narrative for discussing security, which recognizes it as a collective benefit that all member states share and which is to be accompanied by economic considerations,[10] conceptualizes security as a fundamental public good, one that is indispensable for everyone.[11] The Russian war in Ukraine has underscored that 'security is the foundation of everything we hold dear'.[12] Thus, this newly gained understanding of security serves as the cornerstone for policies being developed by EU institutions.

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7 Rym Momtaz, 'Taking the Pulse: Are Information Operations Russia's Most Potent Weapon Against Europe?', *Carnegie Endowment for International Peace*, 2024.

8 Yoruk Bahceli, 'Europe's Conundrum: How to Fund Defence Spending', *Reuters*, December 2024.

9 Mario Draghi, *The Future of European Competitiveness. Part A. A Competitiveness Strategy for Europe*, 2024; Letta, *Much More Than A Market: Speed, Security, Solidarity*.

10 Draghi, *The Future of European Competitiveness. Part A. A Competitiveness Strategy for Europe*.

11 Roel Beetsma, Marco Buti, and Francesco Nicoli, 'Defense as a European Public Good: Delivery and Financing', *CESifo Forum*, 25.4 (2024), pp. 5–10.

12 Niinistö, *Safer Together. Strengthening Europe's Civilian and Military Preparedness and Readiness*, p. 5.

Turning narrative into action: what can the EU do?

The convergence of Russia's aggression in Ukraine, escalating U.S.-China tensions, and the growing instability of the Global South have underscored the interdependence of economic and security strategies. To better prepare the EU for these challenges, the EU's new institutional leadership will likely adopt a comprehensive approach to integrating economic policy with security considerations, reflecting the altered geopolitical landscape.

To navigate these challenges and to put the narrative about security as a public good into practice, the EU's leadership should focus on two critical issues. First, it needs to address differences in perception among member states regarding the salience of the Russian threat, and second, it needs to ensure adequate funding for collective action.

Divergent threat assessments, particularly regarding Russia's ultimate objectives, stem from varying historical experiences, geographical proximity, and political alignments among EU countries. The full-scale invasion brought the perspectives closer, yet it has not erased them completely. For some countries, economic considerations still outweigh security concerns, and this divergence complicates the formulation of a coherent and effective strategy towards supporting Ukraine in its attempts to end the war. Bridging this gap will require persistent dialogue among the member states and unified messaging of both the leaders of the EU institutions and national leaders. Simultaneously, securing financing for European defence investment is imperative. The European defence industry has suffered from decades of underinvestment, resulting in depleted stocks and reliance on external suppliers. As noted in Mario Draghi's recent report on competitiveness, aggregate EU defence spending in 2024 was at one-third of U.S. levels.[13] Thus, the EU must focus on incentivising joint procurement and production initiatives, creating economies of scale while fostering technological innovation.

Ultimately, the EU's economic security should align with its geopolitical ambitions. In this vein, as the Prime Minister of Poland Donald Tusk recently highlighted, 'the era of geopolitical outsourcing is over',[14] which

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[13] Draghi, *The Future of European Competitiveness. Part B. In-Depth Analysis and Recommendations.* (Brussels, 2024).

[14] Donald Tusk, 'Harris or Trump?', *X*, 2024 <https://x.com/donaldtusk/status/1852701257267318972>.

means that the EU must become more autonomous and resilient. This shift is particularly significant given that Poland has traditionally prioritized the transatlantic relationship rather than advocating for a more autonomous EU in security and defence. If even Poland is now adjusting its stance, it signals the gravity of the current geopolitical situation and suggests that the U.S. commitment to European security can no longer be taken for granted. Still, despite the concept of European strategic autonomy having been widely discussed for over a decade, the EU has yet to make significant tangible progress in this area, largely because an alignment of interests among member states in support of this idea has only recently emerged.[15] Reducing dependencies on non-European suppliers is increasingly seen as essential. First the COVID-19 pandemic, then Russia's war in Ukraine, and most recently, President Trump's recurring threats to withdraw from providing security for Europe have starkly demonstrated how quickly such dependencies can become security vulnerabilities, especially as recent actions by his administration suggest that the U.S. might increasingly contribute to European insecurity rather than stability. By increasing investment in European defence capabilities, operationalizing its strategic partnership with NATO,[16] and collaborating closely with like-minded partners, notably the United Kingdom, the EU can enhance its resilience and better address the multitude of threats in its strategic environment. Simultaneously, a robust, strategically autonomous Union will safeguard its citizens and project its influence on the global stage.

New EU strategies on the horizon

The new political cycle gives the EU leaders a window of opportunity to push for tangible political projects along the abovementioned lines. In this vein, and as already announced by President von der Leyen, in the first six months of 2025, the EU institutions will develop several security-related guiding documents. The White Paper on the Future of

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[15] Eva Michaels and Monika Sus, '(Not) Coming of Age? How the European Union's Rhetoric on Strategic Autonomy in Security and Defence Meets National Political Realities', *European Security*, 3.3 (2024), pp. 383–405.

[16] Øyvind Svendsen, 'Collective Defence in Europe: What Place for the EU?', 2023; Monika Sus and Dominik Jankowski, 'Harnessing the Power of the E.U.-NATO Partnership', *War on the Rocks*, 2024.

European Defence[17] and the European Internal Security Strategy[18] will be among them. The former will be developed as a joint endeavour by the Commissioner for Defence and Space, Andrius Kubilius, and the High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, Kaja Kallas. The White Paper is expected to focus on initiatives like a European air shield, enhanced cyber-defence, EU-NATO cooperation, and reduced external procurement dependencies, while addressing the major challenge: financing the defence industry through the various mechanisms at the EU's disposal.[19] The Internal Security Strategy, prepared under the chairmanship of the Commissioner for Internal Affairs and Migration, is expected to focus on various dimensions of internal security, such as cyber threats, terrorism, and more generally, hybrid warfare, including covert operations and disinformation campaigns. Furthermore, the European Commission will continue working on the Preparedness Union Strategy, inspired by the EU civil and military preparedness report presented by former Finnish President Sauli Niinistö in October 2024.

At the same time, the new EU leadership is expected to take into account ideas put forward in both Enrico Letta's and Mario Draghi's reports, focusing on addressing their recommendations, particularly in aligning the EU's industrial policies with innovation-driven growth, increasing investments in key sectors, and managing the energy transition.

However, implementing some of their ambitious proposals in line with perceiving security as a public good may face political hurdles, particularly with regard to raising public investment and harmonizing national policies in key areas such as the energy transition, defence cooperation, industrial growth, and technological innovation. The same applies to the proposals outlined in the White Paper on the Future of European Defence, as there is currently no agreement among member states on key issues such as how to finance incentives for joint procurement. Specifically, financing mechanisms for joint defence procurement and the alignment of national

17 Elena Lazarou, *White Paper on the Future of European Defence* (Brussels, 2024).
18 Von der Leyen, *Europe's Choice. Political Guidelines for the next European Commission 2024–2029.*
19 *Reinforcing the European Defence Industry*, 2024.

policies on defence spending have been key points of contention.[20] Another challenge lies in developing a long-term vision for a post-war EU. While, in the short term, most EU citizens recognize the urgency of the Russian threat and appear to accept increased defence spending, EU and national leaders must not lose sight of providing a pathway to sustainable economic growth, a green transition, and robust welfare states.

Linking security and enlargement is key

One issue that still seems to be overlooked in many political debates is the strategy to address the increasingly prominent geopolitical dimension of the EU enlargement policy. The link between EU enlargement and security considerations is crucial for several reasons.[21]

In particular, without a coordinated strategy that integrates security concerns into the enlargement process, the EU and its member states risk facing a stalemate. For instance, any further deterioration in Ukraine's security situation could hinder its preparations for EU membership. In such a scenario, the EU may struggle to respond effectively, particularly due to the lack of necessary security guarantees. Failure to integrate Ukraine may also lead to destabilizing spillover effects in neighbouring countries, further complicating the geopolitical landscape in the European neighbourhood.

Moreover, linking security and enlargement is essential for maintaining the EU's internal cohesion. As mentioned above, member states have varying levels of exposure to the Russian threat and, thus, differing perspectives on managing relations with Moscow. Without a clear strategy towards Russia that is considered in the enlargement process, these divergences could paralyse EU decision making, leading to delays in the accession process. Such delays would jeopardize the enlargement policy and undermine the EU's credibility as a reliable actor on the global stage, leaving the EU neighbourhood even more exposed to Russian and Chinese influence.

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[20] Seb Starcevic, 'EU Leaders Chided Rutte over Opposition to Joint Defense Spending, Tusk Says', *Politico*, 28 June 2024; Sander Tordoir and others, *Draghi's Plan to Rescue the European Economy: Will EU Leaders Do Whatever It Takes?*, 2024.

[21] Michal Matlak and Monika Sus, *Security and Eastern Enlargement: Bridging the Gap for Wartime EU Accession* (Brussels, 2024); Veronica Anghel and Jelena Džankić, 'Wartime EU: Consequences of the Russia–Ukraine War on the Enlargement Process', *Journal of European Integration*, 45.3 (2023), 487–501.

Several steps can be taken to strengthen the link between security and enlargement:

First, the enlargement methodology needs to be adapted to reflect the current geopolitical realities, particularly those concerning Ukraine. The existing framework was primarily designed with the Western Balkans in mind and does not adequately address the security dimension or the need for in-depth cooperation between defence industries. Recognizing security preparations as a priority, alongside the rule of law reforms, is essential for candidate countries facing significant security threats.

Second, enhancing collaboration between relevant Directorates-General, commissioners responsible for security, defence, and enlargement, as well as the European External Action Service, is vital. This collaboration can facilitate a more cohesive approach to integrating security concerns into the enlargement process.

Lastly, advancing the debate about the operationalisation of Article 42.7 is critical.[22] This article of the Treaty on European Union commits EU member states to assist each other in the event of an armed attack or a serious and persistent threat to the territorial integrity or political independence of a member state. Given the possibility that the EU might invite Ukraine to join without it being a NATO member, a discussion about potential security guarantees in coordination with NATO is necessary. This approach would facilitate a framework for providing Ukraine with security guarantees and reinforce the EU's commitment to supporting other candidate countries facing security challenges. At the same time, the EU-NATO discussion about security guarantees for Ukraine remains challenging due to the differing approach to the war in Ukraine taken by Turkey (among others), as Ankara seeks to maintain a delicate balance between supporting Ukraine and preserving its relations with Russia.

In conclusion, over recent years, security has become a multidimensional concept, encompassing various aspects from military defence to economic stability and societal resilience. The watershed moment for how the EU perceives this concept has been the Russian war of aggression against Ukraine. While acknowledging that security has evolved into a multifaceted

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[22] Gesine Weber, *Mutual Defence in the European Union? The Imperative of Article 42.7 in Case the United States Abandons European Defence*, CSDS Policy Brief (Brussels, 2024).

concept due to the interconnected nature of its various aspects, this contribution argues that prioritizing defence against the Russian threat remains paramount. Failing to address this immediate and existential danger risks undermining other security dimensions, as all other security aspects depend on a foundation of territorial and political security, particularly in the face of a destabilizing actor like Russia. While it does not suggest that these dimensions 'compete with' or detract from addressing Russian aggression, it contends that a disproportionate focus on them could dilute the urgency of collective defence, thereby jeopardizing the broader framework of European security. Ultimately, it is the Russian threat that has triggered a shift in EU policies, framing security as a fundamental public good and emphasizing the need to advance collective defence capabilities while fostering economic resilience and the EU's competitiveness – a challenge that the new EU leadership must address.

RESILIENCE

From Top-down Management to Bottom-up Design: a vision for the EU's approach to resilience

Elena Korosteleva

Resilience and the VUCA world

We live in a changing world, which already a decade ago, in the European Union's Global Security Strategy was described as a world of three 'Cs': connected, complex and contested, and by implication, difficult to predict or control.[1] Russia's ongoing war of aggression against Ukraine, or the 2024 Valencia floods, or the 2025 Los Angeles wildfires, are testament to this increasingly hazardous world, which scholars depict as a 'VUCA' world – a world that is increasingly vulnerable, uncertain, complex and ambiguous in nature.[2] It essentially coincides with the Anthropocene, an epoch of substantive human impact on the planet.

Understanding and better governing this world, with its planetary challenges and pressing geopolitical issues, is urgent. It is not just about

1 *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign And Security Policy*, June 2016, p. 7.

2 Burrows, M. and O. Gnad (2017): 'Between "muddling through" and "grand design": Regaining political initiative – The role of strategic foresight', *Futures* 97 (June 2017): 6–17.

capturing the problems, often referred to as 'wicked', meaning that they are not simply ill-defined or lacking specification. Rather, these problems 'are the problems that *cannot* be fully determined', and their 'resolution' would inevitably generate additional and unforeseen problems.[3] Nor is it about finding optimal 'solutions' for these challenges, for in a complex world not only is our knowledge limited and imperfect; the problem itself is contingent on the context and sequence of change.[4]

Crucially, this requires a different way of thinking – *complexity-thinking* – and with it, what Grove[5] called 'designerly (practical) ways' of governing. Both of these usefully intersect in the notion of *resilience* – an exceptionally versatile, and yet highly misunderstood and overused concept. The EU introduced the concept into its *lingua franca* in the early 2000s. Yet it is only now, as it is put into practice, that light is beginning to be shed on what resilience truly means, and why it requires overhauling the entire governance *modus operandi* to enable communities to nurture their own futures in a sustainable way. In what follows below, I first briefly explore the meaning of the concept before turning to practical ways of how the EU has used, and should use, the term resilience to maximise its full potential.

What is resilience?

As I observed elsewhere,[6] resilience has become one of those 'buzzwords' of our generation which has appeared almost out of nowhere to be everywhere: from billboards advertising 'resilient skincare' to calls for help to crisis-ridden societies affected by war or natural disasters. It has also become pervasive across the agendas of major national and international organisations including the World Bank, the North Atlantic Treaty Organization, the United Nations Development Programme and its Climate Change Conference (COP), and the EU in particular; it was prominently reflected in the newly published political guidelines for 2024–2029 by the European Commission, in the context of addressing

[3] Grove, K. (2018): *Resilience*. London: Routledge.
[4] Prigogine, I. (1980): *From Being to Becoming. Time and Complexity in the Physical Sciences*. W.H. Freeman and Company, San Francisco.
[5] Grove, K. (2018): *Resilience.* London: Routledge.
[6] Korosteleva, E. (2019): 'Reclaiming resilience back: A local turn in EU external governance?', *Contemporary Security Policy* 42(2): 241–262.

pressing climate, societal and geopolitical challenges. [7] In the guidelines, resilience is cited as essential and wide-reaching, with a primary focus on a 'whole-of-society' approach. The European Council's 'Strategic Agenda' too reflected on the centrality of resilience, confirming it as one of the most widespread and polyvalent terms of our times:

> The European Union will strengthen its resilience, preparedness, crisis prevention and response capacities, in an all-hazards and whole-of-society approach, to protect our citizens and societies against different crises, including natural disasters and health emergencies. We will step up our collective response to cyber and hybrid warfare, foreign manipulation and interference and threats to our critical infrastructure. We will pay particular attention to enhancing societal resilience.[8]

It clearly has broad appeal, but are we sure we understand resilience well enough to capture its importance and make use of its full potential? And how does it as a concept fit with the VUCA world and with contemporary EU practice, in particular?

Resilience in the scholarly world

The scholarly understanding of resilience has been described as cautious and 'constructively ambiguous',[9] with much still being unsaid about the true substance of resilience.[10] As Bourbeau argues,[11] 'the term is employed but rarely unpacked, let alone theoretically analysed'. It is known that resilience, as a concept, cuts across and has relevance for many disciplines. In ecological sciences, for example, resilience refers to the capacity of ecological systems to recover from external shocks and to absorb enough

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[7] Von der Leyen, U. *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

[8] European Council, *Strategic Agenda 2024–2029*.

[9] Wagner, W. & Anholt, R. (2016): 'Resilience as the EU global strategy's new leitmotif: Pragmatic, problematic or promising?' *Contemporary Security Policy,* 37: 414–430.

[10] Korosteleva, E. (2025, forthcoming): *Nurturing Resilience in Central Eurasia: the role of community of relations in an age of complexity.* Oxford University Press.

[11] Bourbeau, P. (2015): 'Resilience and international politics: Premises, debates, agenda.' *International Studies Review*, 17: 374–395.

disturbance to maintain stability without reaching a 'tipping point'.[12] In psychology, it refers to a positive state-of-mind, associated with happiness, wellbeing, and flourishing, emphasising everyday qualities of adapting well to adversity, trauma, or significant sources of stress. In social sciences resilience is, as a rule, coupled with 'human agency', with self-esteem, self-reliance, and self-organisation as its core qualities, required for the survival and adaptation of society in the face of change. In all sciences, the default gist of resilience appears to be its collective nature, with a *community of relations* (human or more-than-human[13]) being at the heart of it all, able to conjointly confront fear, keep a positive outlook, seek social support, and thanks to all the above, always go forward no matter what, in search of a life 'worth living'.[14]

Resilience in the policy world: the EU approach

In contrast to the scholarly cautionary/ambivalent use of resilience, the policy and practitioner world apparently sees great potential in applying resilience in a widespread instrumental way, to advance concrete solutions for dealing with risks, vulnerabilities, crises and disasters, with the EU spearheading its application.[15] Notably, the European Commission defined it as 'the inherent strength of an entity – an individual, a household, a community or a larger structure – to better resist stress and shock, and the capacity of this entity to bounce back rapidly from the impact';[16] while the EU's Global Security Strategy saw it as 'the ability of states and societies to reform, thus withstanding and recovering from internal and external

[12] Holling, C. (1973): 'Resilience and stability of ecological systems', *Annual Review of Ecology and Systematics.* 4: 1–23.

[13] Meaning, an ecosystem of inter-specific relations, without which a system is depleted in resilience.

[14] Sen, A. (1985): 'Well-being, agency, and freedom: The Dewey Lectures 1984', *Journal of Philosophy,* 82: 169–221.

[15] Korosteleva, E. (2018): 'Paradigmatic or critical? Resilience as a new turn in EU governance for the neighbourhood', *Journal of International Relations and Development* 23: 682–700.

[16] European Commission (2012): *The EU approach to resilience: Learning from food security crises. Communication from the Commission to the European Parliament and the Council.* COM(2012) 586 final. Brussels.

crises'.[17] The Commission's new political guidelines for 2024–2029 put resilience centre-stage once more, with a particular emphasis on nurturing societal resilience and building community preparedness especially 'through increased digital and media literacy and boosting prevention through pre-bunking'.[18] In a relatively broad and comprehensive way, resilience also figures prominently in the report that the Commission asked Sauli Niinistö, the former president of Finland, to write on how to enhance Europe's civilian and defence preparedness and readiness.[19]

Over the past two decades, these definitions and applications resulted in a whole new resilience-based apparatus of roadmaps, action plans, instruments, and sectoral and thematic policies, especially in the application to the EU's neighbourhood, climate and crisis management policies. This (policy) resilience *modus operandi* emphasises the requirement of 'local ownership', and the need for inclusive participatory engagement, but paradoxically excludes these aspects when it comes to applying it in practice. As the EU's approach to building resilience in its neighbourhood demonstrated, it always comes with pre-planned solutions via external intervention, as 'best practice', tried elsewhere.[20]

Consequently, the concept has evolved to offer a packaged-solution-containing 'toolkit' (instead of self-governance manual) including modular strategies, multi-annual pre-programming, and monitoring/evaluation methodologies to nudge local communities to develop their 'local ownership' of resilience templates. This is quite the opposite of the actual meaning of resilience – as a community agential power it involves *self-*

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[17] European External Action Service (2016): *Shared vision, common action: A stronger Europe. A global strategy for the EU's foreign and security policy.* Brussels.

[18] Von der Leyen, U. *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

[19] Niinistö, S. (2024): *Safer Together – Strengthening Europe's Civilian and Military Preparedness and Readiness*, European Commission, 30 October 2024.

[20] See critique of these accounts by Korosteleva, E. (2021): 'Community resilience in Belarus and the EU response', *Journal of Common Market Studies,* Annual Review 59(S1): 124–136; Wright, K. (2022): *Community Resilience: A Critical Approach*. Routledge; Chandler, D. (2014): 'Beyond neoliberalism: Resilience, the new art of governing complexity', *Resilience: International Policies, Practices and Discourses*, 2(1): 47–63; etc.

governance.[21] This toolkit policy use has resulted in some common cliches and 'markers': 3Bs as 'build back better';[22] or 3Rs: readiness, responsiveness and revitalisation as resilience' dividends,[23] or 3Ps: plan, prepare, and prevent[24] – all aiming to create *a robust resilient environment* (impossible in the VUCA world!), and to keep a complex system (be it a state, society or international organisations) 'fit-for-purpose', and if necessary, re-calibrate or optimise its elements to bring it back to an illusionary equilibrium.

To be fair, the EU has reflected on its 'resilience practices' over the years, especially in its neighbourhood, offering revisions, new instruments, and even resorting to less bureaucratic, *ad hoc*, and smaller forms of funding to support change. Notably, the EU has acted rather creatively responding to specific needs in 'real time', as in situations of conflict and war, e.g. in Syria, Belarus and Ukraine. In the latter case this was especially by seeking solutions for water and food crises; refugees and wellbeing provision; supporting education facilities and labour shortages as well as military and energy needs. However, while intuitively correct from a resilience perspective, these measures were seen as 'extraordinary' and thus temporary in nature, falling short of altering the EU resilience *modus operandi*, which seems to always revert back to the prescriptive roadmaps when nearing 'normalcy'.

But when one looks at the increasing uncontrollability and outright failure of the international order[25] and the man-made disasters (e.g. Putin's war in Ukraine or the climate emergency) unfolding across the globe, it is clear that many of these policy templates which aim to 'embed' resilience in a societal fabric have failed to deliver, or to become internalised. Instead of treating resilience as an organic feature of community to be nurtured, it was being 'built' externally and even deployed as a tool to mitigate the

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[21] Korosteleva, E. (2019): 'Reclaiming resilience back: A local turn in EU external governance', *Contemporary Security Policy,* 41(2): 241–262.

[22] Kelman, I. (2022): *Disaster by Choice: How our actions turn natural hazards into catastrophe.* Oxford University Press.

[23] Rodin, J. (2014): *The resilience dividend: Being strong in a world where things go wrong.* New York, NY: Public Affairs.

[24] Bendiek, A. (2017): A paradigm shift in the EU's common foreign and security policy: From transformation to resilience. SWP Research Paper.

[25] See Flockhart, T. (2016): 'The Coming Multi-Order World', *Contemporary Security Policy,* 37(1): 3–30.

responsibility of the external aid-providers by shifting the burden onto local stakeholders.[26] Furthermore, these top-down policy approaches saw resilience largely as a solutionist approach, drawing on prescriptive and 'best-practice' guidance, available financial tools (or rather their constraints) and 'universally-rendered' operational practices, instead of allowing for the creativity of 'local' agency to seek alternative scenarios for their unsatisfactory futures. No wonder, when seeing no 'positive results,' or indeed failing to find suitable solutions to the persistent wicked problems, frustrations rapidly grew around the use of resilience in the policy world. It came to be seen as an allegedly sub-optimal tool and there were even calls to abandon the concept altogether due to its ambiguity and the lack of benefits when applying it in practice.[27]

How should resilience be understood?

I claim that in the context of complex life, *resilience should be 'local'*.[28] Further, it is always more than its individual parts: resources, infrastructures, and human agency. It cannot be built, it can only be nurtured, and it requires practice and 'designerly thinking', creative, practical and responsive to challenge. I would furthermore suggest that we should understand resilience as community-owned (not externally grown!) – *as a way of living, relating, and managing complex life*. It is self-organising for, and by, communities, in response to change, but it is most importantly a way to foment *their agency* – their self-worth, self-reliance, and self-regulation – to challenge ineffective and outright unacceptable modes of governance in the age of complexity.

Resilience in this sense appears to be the optimal way to manage the VUCA world, as a collective attempt to (re)discover life's substantive meaning, to best respond to the challenges of change, and deal with the fragilities of life and, without overly relying on protection outside-in or top-down (the state), to make life of communities sustainable. Once

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26 Corry, O. (2014): 'From defense to resilience: Environmental security beyond neo-liberalism', *International Political Sociology,* 8: 256–374.

27 Rhinard, M. (2017): 'On resilience'. In F. Gaub & N. Popescu (eds), *After the EU global strategy: Building resilience*, 25–29).

28 Southwick, S. M. and Charney, D. S. (2018, 2nd edition): *Resilience: The Science of Mastering Life's Greatest Challenges.* Cambridge University Press.

community-owned, (self)governance can be exercised in many creative and collaborative ways, as the Ukrainian or Belarusian (democratic) societies in exile attest to.

Resilience as governance in the EU

How can and does resilience, as self-organisation of communities, *practically* translate into governance? How to reconcile all its different aspects, interests, resources and ways of thinking and being in a complex world? This is a substantive, and a complex issue of our times. I suggest that the only way to overcome the illusion of 'positive' interventionist/solutionist governing is to place communities centre-stage, by rethinking the meaning of 'the local' in, for example, the EU's affirmation of communities' agency and creativity, in a 'designerly'-practical way.[29] Displaced Ukrainians could be a good example, when refugee communities are given resources to manage their effective settlement in a host country.[30]

'Sense-making' becomes the first step in resilience designerly learning. The value of sense-making, when a community is hit or torn apart by adversity or crisis, cannot be underestimated. The 2024 Valencia floods testified to how profoundly crucial it is for the community's survival, to respond to a crisis collectively, and to give each other hope – well before the local and national governments come with an action plan and resources needed not just to save lives, but to rebuild livelihoods.

Before a community can imagine its better (alternative) future, it must go through sense-making of their unsatisfactory status-quo: unpicking and pulling together all social skills and social memory, indigenous knowing and unknowing first. Only then new environs and qualities may become more *familiar* to invite creativity back in, hinged on a practice of designerly critique. Belarusian refugees are a good example: when forced to flee their home in their hundreds of thousands after the state's brutal crackdown on the 2020 protests, they tried to reproduce their sense of

[29] Korosteleva, E. (2025, forthcoming): *Nurturing Resilience in Central Eurasia: the role of community of relations in an age of complexity.* Oxford University Press.

[30] Canterbury For Ukraine (C4U), a local organisation, set up by Ukrainians and the local UK residents, shows many integration pathways, where communities assess their needs and priorities and work in partnership with local councils, to find optimal ways to boost their resilience.

home in unknown settings, and in this way change their future.[31] By doing so, they were also de-framing the unacceptable practices of the Lukashenka regime, thus properly delegitimising it in their minds, and freeing their aspirations for new futures. Notably, there is no precedent to e.g. the digital voting system for an alternative democratic parliament, which was used by thousands exiled Belarusians in spring 2024 to set up their new virtual democratic governance, and to preserve their identity, and culture.[32] There is also no previous equivalent to the help from the EU to introduce a new passport for a Democratic Belarus as a country of the future, or creatively assist exiled Belarusians while their territory is still being usurped by Lukashenka's dictatorial regime.[33] And not many believed that Sviatlana Tsikhanouskaya, a popularly elected leader of the 2020 Belarus, would be able to maintain her legitimacy in exile for so long. She also encouraged the formation of a unified virtual space for a democratic Belarus, with its alternative institutions of power, decision making, education, foreign policy and even military support for Ukraine. This is when the impossible becomes possible, because communities have learned about their capacities and their self-worth; and this is where the EU could work with them in practical, supportive ways, to help them grow their capabilities further, and make sense of opportunities availed to them by an adversity or crisis.

The EU has already assisted both Belarusian democratic forces and Ukraine in that way, by e.g. delivering smaller/easy-to-dispatch funds, without much bureaucracy, the purpose and application of which are determined by local needs; but more still needs to be done, to strengthen societal resilience, going forward.

I conclude this short piece about resilience with a remark on *social dreaming*, which only materialises when a community, aware of its agency,

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31 Korosteleva, E. and Shadurski, V. (2025): *The Unbroken Generation: youth voices of Belarus 2020.* London: Skaryna Press, https://skarynapress.com/knihi/belarus-students-2020/.

32 Klusinksi, K (2024): 'Belarus: elections to the opposition parliament', OSW working paper, 29 May, https://www.osw.waw.pl/en/publikacje/analyses/2024-05-29/belarus-elections-to-opposition-parliament.

33 For more information see https://www.svaboda.org/a/32536430.html, which depicts a designerly way of thinking to overcome a problem of expiring official documents. This designerly thinking resulted in real recommendations by the Parliamentary Assembly of the Council of Europe to member states encouraging to support and put these recommendations to practice. See *The Luxembourg Solutions, 6–7 June 2024: Outcomes and perspectives. A checklist for national parliaments*.

believes in alternative and happier futures. This means that investing more in the agential power of local communities, nurturing their sense of self-worth, and their capacity for self-organisation, as part of their 'resilient upbringing', would help them – with time – to reclaim their rightful place in a complex world, and lead a life 'worth living'. The EU here should see itself as a partner, agile and responsive to local needs, rather than as a bureaucratic power investing in resilient growth in a conventional top-down manner.

DEMOGRAPHY

The EU's Demographic Challenge: is the looming decline reversible?

Bernd Parusel

Population dynamics and power

Despite wars, plagues and other catastrophes, the population of what is today the European Union has been growing for thousands of years. But the rate is slowing, and the growth is about to stop.

This is one of the fundamental facts behind the talk of the 'demographic challenge', and the latest population projections from the EU's statistical office lay out the details of this dramatic change. The total population of the EU will only continue to increase for a couple of years. The turning point might be reached as early as 2026, at a peak of around 453 million people.[1] Then, the population will start shrinking, even if some parameters, such as immigration flows, are difficult to predict; the large-scale arrival of displaced people from Ukraine, for instance, may delay the turnaround. In some EU member states, the population peak was already reached years ago, and they are in a process of shrinking. In others, the turning point will be reached later.[2]

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1 Eurostat, 'Population projections in the EU', *Statistics Explained*, last edited 26 October 2023.

2 How the demographic decline is projected to affect Europe at regional level is visualised in Alex Clark, 'Visualised: Europe's population crisis', *The Guardian*, 18 February 2025.

This change need not be considered a problem *per se*. In fact, whether the reversal is a 'challenge' or just a 'transition' is in the eye of the beholder.[3] But for a political union in a world that measures economic success and power in terms of growth, the demographic development is alarming – especially if we look at it in slightly more detail: the population of the EU will not only decline but, as fertility rates decrease and people live longer, also become older. This means that a shrinking share of people of working age will have to support a growing share of older persons. The labour markets in the EU are already experiencing shortages of workers, which has negative effects on growth, innovation and the financing of welfare systems.[4] Some occupations are in shortage everywhere in the EU and not only in specific member states or regions. A smaller, older population is also a challenge insofar as it means that the European Union's relative economic power will decrease in relation to other world regions, some of which are still experiencing population growth and have a higher share of young people.[5] So, questions that arise from this are: Is the EU aware of this challenge? Is it capable of dealing with it? And if so, what can and should it do?

Two ways of addressing the demographic challenge

There are essentially two (not mutually exclusive) ways of dealing with the EU's demographic challenge: 1. Trying to arrest and reverse population decline and ageing (or at least slowing down the rates of these trends); 2. Accepting it and focusing on mitigating its effects. Recent policy documents indicate that the EU wants to do both, but the focus seems to be on mitigation.

In its Strategic Agenda for 2024–2029, the European Council declared that the Union will 'address, in a comprehensive way, demographic challenges and their impact on competitiveness, human capital and equality.' The agenda links the EU's answer to the demographic challenge to 'the European economic model and welfare systems', which should

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[3] From a planetary health perspective, and for many other living species, fewer humans could be a good thing.

[4] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Labour and skills shortages in the EU: an action plan*, COM(2024) 131 final.

[5] See for example Weifeng Liu and Warwick McKibbin (2021), 'Global macroeconomic impacts of demographic change', *The World Economy*, 45 (3), 914–942.

be developed to support a 'thriving longevity society'. In this context, the agenda mentions a strengthening of health cooperation, improving access to medicines, investing in people's skills, training and education throughout their lives, and encouraging the mobility of workers ('talent') within the European Union and from abroad. Whether this also means that people should work longer is not stated explicitly, but it is a logical inference. Recalling the European Pillar of Social Rights, the heads of state or government also commit to strengthening social dialogue, upholding equal opportunities, reducing inequalities, increasing participation in the labour market and promoting youth employment.[6] How exactly such policies would tackle the greater demographic challenge of shrinking and ageing remains somewhat unclear, but overall, the ideas suggest that political leaders accept the projected population trend and intend to focus their efforts on putting the remaining population to better use and making their lives easier, even if they have to work longer.

In her Political Guidelines for the term 2024–2029, European Commission President Ursula von der Leyen speaks of demographic 'change' rather than 'challenge'. She promises to tackle the 'root causes' of this change and to adapt the EU to 'new realities'. More specifically, her guidelines mention pensions, public services, labour shortages, fiscal sustainability and 'disparities between generations and regions'. Von der Leyen also commits to increasing participation in the labour market, especially by women and young people, as well as to supporting young parents to enable a healthy work-life balance.[7] While some of these ideas could, at least in theory, make the EU more family- and child-friendly, and thus perhaps improve fertility rates, they hardly look likely to reverse the looming demographic turnaround. Not unlike the heads of state, von der Leyen seems to focus on mitigating the effects of the process rather than the shrinking and ageing itself.

The Political Guidelines also say that the EU will support member states and companies with labour migration, skills matching and talent attraction. If this works, it could help the EU combat labour shortages, but the ideas are not linked to the bigger picture of demographic decline

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[6] European Council, *Strategic Agenda 2024–2029*.

[7] Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

and there is no talk of increasing migration to the EU – which (short of a dramatic change in birth or death rates) would be needed to slow down or avert population shrinkage.

Von der Leyen's guidelines also generally call for more collective action on major challenges facing the EU. She offers a vision of a union that is faster and simpler, more focused and more united, and that 'acts where it has added value'. However, whether the demographic challenge is among the major 'instabilities and insecurities' that the EU must address remains unsaid. Similarly, the announcement that she would appoint a commissioner for 'ensuring intergenerational fairness'[8] suggests awareness of a general need for longer-term thinking in EU policymaking, but she makes no explicit connection to the EU's demographic challenge.

What has the EU done and what could it do?

The EU's powers and competencies to address population ageing and shrinking are limited, but they are not non-existent. Demographic developments are mainly the product of three factors: fertility, mortality, and migration (immigration and emigration). Policies that affect these factors are only to some degree areas of EU law, and much remains within the competencies of the individual member states. However, policies in the EU's social pillar could indeed contribute to making European societies more family- and child-friendly. The EU can also support further education and training initiatives for the un- or underemployed workforce, and by reforming its frameworks for immigration for education and work purposes, the EU can help mitigate labour shortages and encourage higher immigration levels. Progress on competitiveness and innovation can contribute to a well-trained workforce within the union.

In a 2023 communication on 'Demographic change in Europe: a toolbox for action',[9] the Commission listed a number of EU-level instruments (directives as well as recommendations and other soft-law instruments)

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8 For an interesting comment on the potential of this new role, see Elizabeth Dirth, 'New commissioner for intergenerational fairness is the EU's ticket out of permacrisis', *EU Observer*, 23 August 2024.

9 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Demographic change in Europe: a toolbox for action*, COM(2023) 577 final.

that could be amended to make societies more family- and child-friendly and help people reconcile family aspirations and paid work (notably the 'Work-Life Balance Directive');[10] support younger generations (such as the 'Youth Employment Support package'[11] or the 'European Education Area'); empower older generations and sustain their welfare; and help the member states mitigate labour shortages through managed legal migration from third countries.

As these measures look soft and only loosely linked to the greater demographic decline, the question is: could the EU do more, and go beyond a merely supporting role? One fundamental starting point would be to give the topic higher political weight. This would entail the political priorities of the Commission and other EU institutions better reflecting the importance of the issue, more concrete policy proposals being developed, and the political portfolios within the Commission being readjusted accordingly. In the new college of commissioners, however, demography has little visibility: it is hidden in the portfolio of the Commissioner for the Mediterranean, with the mission letter to Dubravka Šuica stating that she will 'also be responsible for demography'.[12]

The EU could also advance and expand measures in the Social Pillar and advocate more immigration. After all, it already has competencies, laws and policy in these domains.

As the demographic challenge varies across member states and regions, there could be obstacles to this. But even countries where the demographic challenge is less acute could profit from the EU addressing the bigger European issue. If many EU countries suffer from ageing and shrinking populations, this will negatively affect the union as a whole. And even if there are obstacles, it is the European Commission's statutory task to promote the general interest of the union and take appropriate initiatives to that end.

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[10] Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.

[11] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Youth Employment Support: a Bridge to Jobs for the Next Generation*, COM(2020) 276 final.

[12] European Commission, *Mission Letter to Dubravka Šuica, Commissioner-designate for the Mediterranean*, Brussels, 17 September 2024.

Political visibility and resistance

If experts and policymakers are keenly aware of the EU's demographic challenge, why are the EU's responses still timid and vague? Apart from uncertainties as to whether the challenge is primarily for the EU or the member states to deal with, there seem to be two main obstacles: short-termism and populism.

The EU system often evolves and expands its reach in response to crises and emergencies that require immediate answers, as was the case with the COVID-19 pandemic and Russia's ongoing war on Ukraine. Crises can open new political opportunities and stimulate new solutions. But a focus on crisis-responses can also hamper the search for strategic answers to long-term challenges such as changing demographics. The fact that the shrinking and ageing of Europe's population is a slow and gradual process, rather than a sudden threat, complicates the finding of credible solutions. There is a risk that we wake up to a problem first when it threatens to spiral out of control. In this respect, the demographic challenge resembles climate change. With this in mind, political leaders should start ringing the alarm bell more loudly.

Populism and extremism are another issue. While far-right populists might say that more (white) Europeans would be a good thing, they are opposed to immigration, which is an important factor in demographic developments. It is also, if one listens to the scholarly consensus rather than policymakers, a natural human behaviour.[13] Fears of uncontrolled immigration flows and the real but sometimes-exaggerated problems with integration stand in the way of opening the EU to a higher inflow of foreign workers or students. These fears seem unlikely to go away any time soon, not least because some political forces benefit from them and therefore stoke them. The European elections in 2024 strengthened populist and right-wing forces, and there are signs that mainstream politicians are adapting to their narratives because they fear being outperformed. When it comes to addressing the demographic challenge, this is certainly a problem.

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[13] By 'natural human behaviour', I mean that people have always moved, and that human migration should, as de Haas says, be understood as an 'intrinsic and therefore inseparable part of broader processes of social, cultural and economic change affecting our societies and our world'. Hein de Haas (2024), *How Migration Really Works*, Penguin Books, p. 2.

Increasing labour shortages could perhaps be a catalyst for change as people in their everyday lives start realising that they depend on immigrants. But paradoxically, hostility towards immigration is often greatest in areas most affected by demographic decline.

The elephant in the room: international migration

There are not many obvious policy responses to demographic shrinking and ageing, and some plausible ones seem blocked. One thing that could slow down the pace of the demographic transition, and alleviate some of the economic problems it causes, would be to allow more people of working age, and who want to work, to come to Europe. These people certainly exist, but from a demographic or economic perspective, the EU's approach to immigration is ambiguous and unsatisfactory. Huge amounts of political energy and financial resources are spent deterring migrants from coming to the EU, returning irregular migrants and limiting the number of people seeking protection, often with questionable results. At the same time, the member states struggle with labour shortages and try hard to attract people with specific profiles abroad. The logic is that irregular migration must stop (at almost any cost) before more doors can be opened. But there is a risk that people do not understand this dichotomy and that deterrence strategies stand in the way of attempts to widen and improve legal migration pathways. Another oddity is that legal migration initiatives, such as the 'Talent Partnerships',[14] primarily target medium- and highly skilled migrant workers while the EU – without acknowledging this – also needs people with lower skills levels. During the latest Commission's term of office, much more progress was achieved on establishing new or reformed frameworks for dealing with asylum seekers and irregular migrants (such as the 'New Pact on Migration and Asylum') than on improving the frameworks on legal migration.

Tackling the demographic challenge calls for more pragmatism: adopting approaches that would open more legal migration pathways (for work or studies) as alternatives to irregular and dangerous ones, investing in integration, improving the recognition of foreign qualifications as well

[14] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, *Attracting skills and talent to the EU*, COM(2022) 657 final.

as preparing newcomers for the labour market. Regularisation (such as that recently announced in Spain)[15] of people who are not allowed to stay but cannot be returned to their origin countries, and who want to stay and work, could also be part of a more pragmatic approach. A large percentage of people arriving in Europe irregularly are very young, often even underage,[16] and from a demographic and economic perspective it is an absurdity to bar this group from education and work and to mobilise huge resources to make them leave again against their will.

The demographic challenge in Europe thus cannot be addressed without rethinking and reframing the currently dominant narratives about international migration, which are driven by perceptions of lost control and fear. In the current political climate, it certainly appears difficult to do this. But if political and thought leaders can raise awareness of the imminent demographic decline – and start giving possible mitigation measures and remedies the attention they deserve – there is at least a chance that the looming challenge can serve as an opportunity.

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[15] Reuters, 'Spain to legalise about 300,000 undocumented immigrants per year', 19 November 2024.

[16] Over the past ten years, between 24 and 32 percent of first-time asylum applicants in the EU were underage. On average, roughly 16 percent of these were unaccompanied children. See Eurostat, 'Children in migration – asylum applicants', *Statistics Explained*, last edited 29 April 2024.

Caught Between Rising Expectations and Insufficient Resources: the EU’s dilemma in inclusion policy

Amandine Crespy & Viola Shahini

The EU’s narrow focus on inclusion in the labour market

Vivid in French politics in the 1970s, debates about social exclusion and inclusion reached the EU in the late 1980s and 1990s, notably under the impulse of the President of the European Commission Jacques Delors, who initiated a number of programmes for promoting inclusion at European level.[1] The concept gained considerable traction in the 2000s with the Lisbon Strategy proclaiming inclusion as a key objective of the Union. While, for some, inclusion has served to enhance the social dimension of European integration,[2] others have criticized the concept for shifting attention away from poverty and conveying a fallacious, hard to measure, picture of social exclusion,[3] or

[1] Cohen, Sue, ‘Social solidarity in the Delors period: barriers to participation’, in *Democratizing the European Union,* p. 27. Routledge, first published 2000.

[2] Marlier, Eric, Tony Atkinson, Bea Cantillon, and Brian Nolan, *The EU and social inclusion: Facing the challenges*. Bristol University Press, 2009.

[3] Bak, Carsten Kronborg, ‘Definitions and measurement of social exclusion – A conceptual and methodological review’, *Advances in Applied Sociology*, 8(5), 422–443, 2018.

reproducing a hegemonic discourse eclipsing fundamental inequalities and social stratification.[4]

Inclusion, or social inclusion, should be understood as the political agenda and set of public policies aiming to combat social exclusion. Social exclusion is a comprehensive, multidimensional concept which is for instance defined today by the United Nations as 'a state in which individuals are unable to participate fully in economic, social, political and cultural life, as well as the process leading to and sustaining such a state'.[5]

The roots of the concept of social exclusion are often traced back to Emile Durkheim's social theory, in which social exclusion is contrasted with social cohesion resulting from the division of labour. Besides his 'integrationist' approach, in which employment is seen as a key factor, there is a 'poverty approach' emphasizing the lack of material resources and redistribution as a solution, and a 'lower class approach' stigmatizing deviation from cultural norms.

The central argument in this essay is that the EU's conception of inclusion remains very 'integrationist' in that it attributes central importance to participation in the labour market as a key response to social exclusion. This is hardly surprising given that economic life (as opposed to political, civic, or cultural life) has been the main historical engine of Europe's federalisation. This is reflected in the definition adopted by the EU institutions:

> Social inclusion is a process that ensures citizens have the opportunities and resources necessary to participate fully in economic, social and cultural life and to enjoy a standard of living and well-being that is considered normal in the society in which they live. It encompasses, but is not restricted to, social integration or better access to the labour market, and also includes equal access to facilities, services and benefits.[6]

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[4] Levitas, Ruth, 'The concept of social exclusion and the new Durkheimian hegemony', *Critical social policy,* 16(46), 5–20, 1996.

[5] United Nations. 'Identifying social inclusion and exclusion', In *Leaving no one Behind: The Imperative of Inclusive Development,* 17–31, New York, 2016.

[6] Eurofound, *Social Inclusion,* 2024.

Accordingly, the EU is equipped with stronger instruments relating to labour market processes, including anti-discrimination, while other aspects of inclusion, notably relating to poverty, remain 'soft' and with a limited impact. This is true for old as well as new challenges, and it reflects deeper political disagreements about whether and how the EU should address social exclusion.

The rise of inclusion and its diverse toolbox in EU governance

The rise of the inclusion agenda can be traced back to the 1990s, a period during which an ambivalent modernisation agenda was promoted by the EU institutions, which pictured the inclusion agenda as a necessary corollary to the deepening of liberalisation (free movement of persons, capital and services in particular) in the Single Market. 'Flexicurity' and active labour market policies were promoted to adapt to globalisation and the neoliberal transformation. This approach, in line with the 'market citizenship' model,[7] saw social protection as a 'productive factor' and the labour market as the primary mechanism of inclusion.[8]

While the concept gained formal prominence in the 1990s, it was the Lisbon Strategy that in 2000 embedded social inclusion into its strategic goal of the EU becoming 'the most competitive and dynamic knowledge-based economy ... with more and better jobs and greater social cohesion'[9] and in its new governance framework – the Open Method of Coordination (OMC) in the field of Social Inclusion. The Laeken Indicators of 2001 and the Commission's Recommendation on active inclusion (2008) changed the EU discourse from 'passive' income support to 'active' labour market inclusion. Inclusion was no longer associated with inclusion through employment only, but became an integrated approach that combines

[7] See for example Everson, Michelle, 'The legacy of the market citizen', in *New Legal Dynamics of the European Union*, 73–89, Clarendon Press, 1995; Shuibhne, Niamh Nic, 'The resilience of EU market citizenship', *Common Market Law Review* 47(6), 597–628, 2010.

[8] Armstrong, Kenneth A, *Governing Social Inclusion: Europeanization through Policy Coordination.* Oxford University Press, 2010.

[9] European Council, Presidency Conclusions, Lisbon, 23–24 March 2000.

income support, inclusive labour market policies and equal access to quality services (education, health services and housing).[10]

The Lisbon Strategy was initially welcomed as a milestone for better EU socio-economic performance. Studies observe that the introduction of social inclusion created a more 'consensus oriented' process of social policymaking[11] and favoured policy changes through mutual learning across member states.[12] Additionally, the social OMC facilitated stakeholder engagement both at the national and the EU level.[13]

Despite its early promise, the Lisbon Strategy's priorities shifted during its second phase: social cohesion was increasingly regarded as a byproduct of economic growth and higher employment levels, rather than a goal in its own right.[14] As member states grappled with soaring unemployment rates and escalating public sector deficits in the wake of the global financial crisis, the EU's social policy agenda became subordinate to fiscal discipline and austerity.

The Europe 2020 Strategy and its new governance mechanism, the European Semester,[15] reinforced the EU's social inclusion framework, setting a quantitative target of lifting 20 million EU citizens out of poverty by 2020, alongside a flagship initiative and an integrated guideline focused

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[10] See European Council Presidency Conclusions, Laeken 14–15 December 2001; and European Commission Recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market (2008/867/EC).

[11] Jacobsson, Kerstin, and Vifell, Åsa, 'Integration by deliberation? On the role of committees in the open method of coordination' *Unpublished manuscript, State Center for Organized Research (SCORE), Stockholm, Sweden*, 2003.

[12] de la Porte, Caroline, and Pochet, Philippe, 'The European Employment Strategy: Existing Research and Remaining Questions', *Journal of European Social Policy*, 14(1), 71–78, 2004.

[13] See Agostini, Chiara, Sabato, Sebastiano, and Jessoula, Matteo, 'Europe 2020 and the fight against poverty: searching for coherence and effectiveness in multilevel policy arenas.' *LPF WORKING PAPERS* 3, 54–144, 2013.

[14] Daly, Mary, 'Paradigms in EU Social Policy: a Critical Account of Europe 2020', *Transfer: European Review of Labour and Research*, 18 (3), 273–284, 2012.

[15] The European Semester is an annual governance framework set up in 2011 which encompasses all EU hard and soft rules and on fiscal policy (national budget making, deficit and debt), on macro-economic (via the macro-economic imbalance procedure), and social policy (previously centered on the Europe 2020 strategy, now the European Pillar of Social Rights).

on reducing poverty and promoting social inclusion.[16] Although framed as an exit strategy from the economic downturn, the initial design of the Europe 2020 Strategy further entrenched the primacy of economic objectives.[17] Dissatisfaction towards the EU grew as many member states blamed the social repercussions of the crisis on the austerity measures enforced under the EU's economic governance framework.[18]

In response, the Juncker Commission prioritized a stronger social agenda, which aimed not only to address the adverse effects of the crisis but also restore public trust in the European project.[19] The launch of the European Pillar of Social Rights (EPSR) in 2017, and its more detailed Action Plan in 2021, marked a shift from social-retrenchment towards a 'rights-based' language in the area of social inclusion. While inclusion was essentially dealt with through a soft process of coordination, the Pillar was from the outset conceived as a hybrid instrument. On the one hand, it is to be implemented through soft law – where the EU issues recommendations, typically in the field of anti-poverty policies and welfare state reforms broadly speaking, including reforms of education and training, pensions, healthcare, elderly care, etc. These recommendations are put forward by the European Commission and endorsed by the Council and European Council in the framework of the European Semester. On the other hand, the EPSR served to relaunch the EU's hard-law stream on social policy, with a strong focus on a stricter regulation of working conditions, in connection with inclusion concerns. Between 2018 and 2024, the EU institutions have proved very proactive in passing new pieces of legislation,

16 European Commission, Europe 2020: A European strategy for smart, sustainable and inclusive growth. Communication from the Commission, 3 March 2010.

17 See Armstrong, Kenneth A, 'The Open Method of Coordination – Obstinate or Obsolete?', Research Paper 45/2016, *University of Cambridge Faculty of Law*; Vanhercke, Bart, 'From the Lisbon strategy to the European Pillar of Social Rights: the many lives of the Social Open Method of Coordination', in *Social Policy in the European Union 1999-2019: the Long and Winding Road.* Brussels, ETUI, OSE, 99–123, 2020.

18 Vesan, Patrik, Corti, Francesco, and Sabato, Sebastiano, 'The European Commission's Entrepreneurship and the Social Dimension of the European Semester: From the European Pillar of Social Rights to the Covid-19 Pandemic', *Comparative European Politics*, 19 (3), 277–295, 2021.

19 Juncker, Jean-Claude, State of the Unions Address 2016: Towards a Better Europe – a Europe that Protects, Empowers and Defends. European Commission,14 September 2016.

as accounted for by historic legislative records for such a short period of time.[20] The perhaps most emblematic text passed by the von der Leyen I Commission, namely the Directive on Adequate Minimum Wages,[21] was grounded in the explicit goal of steering wages up, notably to fight in-work poverty.

Besides soft coordination instruments and the social regulation of the Single Market, the EU has developed a line of policy known as anti-discrimination, and this plays an important role with regard to inclusion beyond material deprivation. The EU anti-discrimination agenda nevertheless exhibits a strong focus on employment and the labour market, which in turn reflects the broader EU integrationist approach of viewing social inclusion primarily through the lens of labour market participation. Its origins lie in the necessities of the Single Market, in particular the free movement of workers underpinned by anti-discrimination on the basis of nationality. From the late 1970s onwards, the European Economic Community pioneered gender equality, as the Court of Justice proclaimed that equal pay between men and women was a cornerstone of the EU legal order.[22] Later, the agenda expanded to discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation with Article 19 of the Treaty on the Functioning of the EU (TFEU) allowing the EU institutions to legislate in that area. Since 2000, four

[20] 2018: Directive on the Posting of Workers; 2019: Directive on transparent and predictable working conditions in the EU; 2019: Directive on work-life balance for parents and carers; 2022: Directive on adequate minimum wages; 2023: Directive to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms; 2024: Directive on improving working conditions in platform work; Directive on corporate sustainability due diligence.

[21] Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union. However, more recently the Advocate General argued in favour of annulling the directive, which would represent a major setback for Social Europe.

[22] See the Defrenne vs. Sabena cases from 1971 and 1976.

directives[23] have dealt with various forms of discrimination essentially in the area of employment, as well as in the access to goods and services. Only the directive 2000/43/EC, dealing with race or ethnicity, addresses discrimination in education, social protection including social security and healthcare, and social advantages.

In 2019–2024, under the impulse of Ursula von der Leyen, the 'Union of Equality' arrived, a newcomer in the EU's toolbox. The Union of Equality is a transversal agenda aiming at mainstreaming equality concerns in all possible domains of EU public policy. It entails a wealth of policy instruments including the creation of an equality taskforce, appointing a Commissioner for equality and equality coordinators, working groups within the Commission, a multiannual framework, an action plan, a toolbox, an annual event, etc.[24] Recent assessments nevertheless conclude that

> despite the significant efforts by policy-makers to adapt the EU equality machinery for the purpose of mainstreaming equality through an intersectional perspective, current EU equality policies have not yet achieved true intersectionality. On the contrary, the operationalization of intersectionality in the Union of Equality is mostly a cosmetic exercise'.[25]

Old problems and new challenges

Despite its prominence in EU policy discourse, old issues in social inclusion, especially poverty, remain a persistent challenge across member states. In terms of policy outcomes, the Europe 2020 Strategy missed its anti-poverty target. According to the latest Eurostat data,[26] 94.6 million people

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[23] Directive 2000/43/EC against discrimination on grounds of race and ethnic origin; Directive 2000/78/EC against discrimination at work on grounds of religion or belief, disability, age or sexual orientation; Directive 2006/54/EC on equal treatment for men and women in matters of employment and occupation; Directive 2004/113/EC implementing the principle of equal treatment for men and women in the access to and supply of goods and services.

[24] Hubert, Agnes, and Jacquot, Sophie, 'Union of Equality: A new doctrine for the EU'. *Conference paper European Conference on Politics and Gender,* Gent University, July 2024.

[25] D'Agostino, Serena, 'A Union of Equality: A Promising Step Forward or a Missed Opportunity to Be Truly Intersectional?' In *Inequality and the European Union. New Frontiers in Political Science and Law*, London: Routledge, 2024.

[26] Eurostat, 'Living conditions in Europe – poverty and social exclusion', *Statistics Explained,* last edited 6 December 2024.

in the EU, or 21.3% of the population, are considered at risk of poverty or social exclusion (AROPE). This risk is significantly higher for unemployed (66.3%) and inactive groups (43.2%), people with a low educational attainment (34.5%), young adults (26.1%) and women (22.3%). AROPE trends reveal substantial variation across European countries. However, even in countries less affected by poverty and social exclusion AROPE rates remain high among the unemployed (e.g. almost 21% in 2022 in Germany). Additionally, employment no longer guarantees protection from poverty, with in-work at risk of poverty[27] rates on the rise in 12 member states and remaining persistently high at about 10% or above in a further seven countries. These trends raise the issue of adequate wages and quality jobs, pointing at how social protection should be designed to effectively avoid poverty and social exclusion traps and to provide decent income for those in employment, amid the cost-of-living crisis. Yet social protection programmes are often designed as a means to promote labour market participation, rather than ends in themselves. Policy reforms, including unemployment benefits and minimum income schemes, frequently adopt this 'employment-centered' approach, incorporating conditionalities that prioritize active labour market inclusion over passive income support.

Deprivation among young people and children has also emerged as an important issue in recent European debates. In the aftermath of the Eurozone crisis, the number of young people aged 15 to 29 who are neither in employment nor education or training (NEET) skyrocketed to 20–30% in Southern Europe. Although it later decreased, it remains at a concerning average level (over 15% in 2023) with stark disparities (25% in Romania, 20% in Italy vs. 4.2% in the Netherlands) and with an important gender gap (13.1% for women vs. 10.5% for men).[28] In a report published earlier this year, the United Nations International Children's Fund, UNICEF, reckons that 20 million children – 1 in 4 in the EU – are at risk of poverty and social exclusion.[29] The EU can only address these

[27] Eurostat, 'In-work at-risk-of-poverty rate', *Data Browser,* last edited 6 December 2024.

[28] Eurostat, 'Fewer young people neither employed nor in education', *News Articles,* 26 May 2023.

[29] UNICEF, 'Rising poverty, deteriorating mental health, online sexual abuse and exposure to pollution among challenges faced by millions of children across the EU', *Press Release*, 19 February 2024.

issues through soft instruments, namely the Youth Guarantee, adopted in 2012 and strengthened in 2020, and the Child Guarantee, adopted in 2019. Underpinned by Council Recommendations, these tools rely upon the goodwill of national governments to engage with these policies. As a result, their impact has been limited because of political reluctance, institutional inertia, or insufficient financial resources at the national level.

Furthermore, some old yet critical aspects of inclusion are often overlooked. Homelessness, for instance, remains a growing issue across the EU, with around 4.9% people aged 16 or older experiencing housing difficulties at some point in their lives, rising to 8.5%[30] among those at risk of poverty or social exclusion. This is even more pronounced among recent migrants, undocumented migrants and asylum seekers, who face higher risks of exclusion due to language barriers, limited access to jobs, housing and social protection systems, and rising levels of discrimination and criminalization.[31]

Finally, while inclusion issues involved with international migration have a long history, high immigration levels over the last two decades have been a factor exacerbating the challenges in terms of inclusion. Levels of poverty, unemployment, and atypical work contracts with poor or no social protection are higher among low-skilled migrants, who are also the target of discriminations. A number of EU policies, for instance the European Social Fund, can help migrants' inclusion into the labour market, and anti-discrimination on the basis of race or ethnicity serves to advance the equality agenda. However, the situation on the ground remains highly problematic.

[30] Eurostat, 'Living conditions in Europe – housing and renting difficulties', *Statistics Explained,* last edited 4 October 2024.

[31] See for example Consoli, Teresa, 'Migration and Ethnicity', in *The Routledge Handbook of Homelessness*. Abingdon, Routledge,191–199, 2023.

The future of inclusion: between functional imperatives and political disagreements

In 2023, the High-level Group on the Future of Social Protection and the Welfare State in the EU issued its report for the European Commission.[32] It identifies four main challenges threatening social inclusion, namely demographic ageing, new forms of work, the digitalisation of the economy, and climate change. As shown above, the responses of the EU have thus far mainly been centred on adapting European societies and ensuring that acceptable levels of social protection and social regulation can ensure the well-functioning of an ever more integrated pan-European labour market.[33]

Social inclusion has been a source of dispute ever since the origins of European integration, and the contentiousness has grown as the action of the EU has become more far-reaching. Many observers consider that the politicization of EU social policymaking has accelerated over the past two decades.[34] New needs – for health and safety standards, to combat social dumping, or to create a more integrated labour market – have spilled over due to increasing interdependence of European economies and societies. And European elites often see inclusion policies as a means to enhance (or preserve) the political legitimacy of the EU as a whole in the eyes of citizens as the motto 'Social Europe' remains attractive to many. Eurobarometer polls show that socio-economic issues including employment, inequality and healthcare remain key concerns for Europeans. At the same time, national elites and citizens continue to have diverging views and models. More redistribution, regulation and fiscal sharing through the EU budget (and common debt) remains largely supported in continental and Southern Europe (including France and Belgium). In the Baltic countries and many Central and Eastern European countries, decision makers mostly have little appetite for either more EU intrusion in national policies or more market regulation and strong inclusion policies. Countries with traditionally strong welfare states, especially Germany and the Netherlands, have been

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[32] European Union, The future of social protection and of the welfare state in the EU, 2023.

[33] Crespy, Amandine, Gaffney, Stephen, Kenn, Bastian, and Shahini, Viola, 'Beyond market vs. social citizenship: structural transformations and the building of a pan-European labour market.' *EUqualis Working Paper* (forthcoming).

[34] See Crespy, Amandine, *The European Social Question. Tackling Key Controversies*. Newcastle upon Tyne: Agenda Publishing, 2022.

pivotal in political debates, and increasingly concerned with the potential costs of more EU inclusion policies for them as net contributors to the EU budget. In Scandinavia, strong attachment to the Nordic social models means that the EU is more often seen as a possible source of disruption rather than as a solution. Due to their differing histories, cultures and institutions, European societies and governments also have different views as to the respective role of the market, the state, and family or religious institutions in ensuring social inclusion.

The economic, labour market-centered approach to inclusion at EU level is to be understood by its original DNA based on the four freedoms and the building of a European Single Market. Furthermore, the economic and functionalist rationale is politically more conducive of compromises and building the broad alliances necessary for the adoption of EU policies, whereas value-based debates questioning societal issues often are a source of cultural divisions and conflicts. This was, for instance, illustrated by the contentious deliberations over the failed revision of the Maternity Leave Directive in 2008–2009 and, again, over the Work-Life Balance Directive for Parents and Carers in 2019–2020.[35] In turn, this line of EU policy has consistently pursued one clear objective, namely to allow to increase the employment rate among women across Europe. Another sign of the contentiousness of inclusion beyond the economic realm is that no agreement could be found in the Council to pass the proposal for a Directive on implementing the principle of equal treatment outside the labour market put forward by the European Commission in 2008.[36]

After a decade of austerity policies and prompted by the socio-economic impact of the COVID-19 pandemic, the EU institutions have actively promoted advances in the inclusion agenda, a period which many have seen as a 'revival of Social Europe'. However, recent national elections, as well as the elections to the European Parliament of 2024, have led to a significant weakening of the political forces which have traditionally

[35] Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU.

[36] European Commission Proposal for a Council Directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation. COM(2008) 426 final, Brussels, 2 July 2008.

supported inclusion as an important objective in the EU (namely the Social Democrats, the Greens, and the Radical Left, and to a lesser extent the Liberals). The tone of European debates has clearly seen a shift in the preoccupations of European governing elites away from the social impact of economic and environmental transformations towards geopolitical insecurity and global economic competition. The recentering on competitiveness, as suggested by the report issued under the auspices of Mario Draghi in July 2024, and the channeling of EU financial resources towards security policies, are likely to push inclusion down the European agenda. Discussions about possible joint borrowing for the financing of EU defence bonds, for instance, have intensified in 2024.

Against this background, the focus on the labour market-driven approach to inclusion is only sharpening. Equipping individuals with the skills required by changing economic structures, further regulating working conditions, with the risk of subordinating education to market needs, lies at the core of the European agenda. This is symbolically reflected in the new name of the portfolio for employment and social affairs in the European Commission,[37] which seems to suggest a further weakening of a broader understanding of inclusion that would put intersectional inequalities and the civic-cultural dimension in the spotlight.

Searching for cohesion in troubled times

To sum up, the EU has mainly embraced a vision of inclusion which mirrors the Durkheimian approach seeing work as the key process ensuring individuals' inclusion into social and economic life. This is unsurprising since the EU has taken the traits of a functional polity centered on market liberalization and the free movement of workers, while civic and cultural aspects of citizenship have been retained by regional and national authorities. This said, the European anti-discrimination agenda has ventured into non-economic areas of social inclusion in important ways. The diversification of lifestyles, the ageing of Europe's population, and the intensification of migrations bring about new challenges with regard to social cohesion. Given that most of these challenges are either

[37] In November 2024, Roxana Mînzatu was appointed Commissioner for Social Rights and Skills, Quality Jobs and Preparedness.

transnational in nature or shared by virtually all European states, rolling back the role of the EU in the social realm seems both unrealistic and undesirable. Rather, we have seen the EU rising as an additional layer of governance – alongside local, regional and national authorities – in what should now be seen as multi-layered European welfare states.

The EU also seems trapped in a gap between rising expectations and insufficient resources, a problem that is arguably typical to federal or decentralized systems. A large part of the widespread frustration with the EU's inclusion policy stems from the fact that it has little impact compared to structural economic trends or welfare state trajectories. This is not surprising, though, given that the EU's competences, just as the level of resources from its budget dedicated to inclusion, remain weak. In this light, EU action and the use of its resources (for instance the European Social Fund and other funds) may be too dispersed. It could make sense to refocus EU action on a limited set of priorities. Furthermore, policies geared towards inclusion (including anti-discrimination, social and fundamental rights) demand financial resources and are therefore inextricably linked to fiscal policy. In 2024, EU leaders agreed on reformed fiscal rules on deficit and debt, and committed once again to abide by them. This will inevitably put pressure on the ability of national governments to address inclusion issues, which only leaves a greater responsibility to be borne by the EU in this domain.

The EU's Double Democracy Problem

John Morijn[1]

An inconvenient truth

Democracy is under pressure inside the European Union. Over the last five years several EU member states, such as Greece and Romania, have been gradually, but consistently, sliding down democracy rankings of authoritative independent ranking agencies, such as the Varieties of Democracies (V-Dem) Institute.[2] In 2022 the European Parliament even characterised one member state, Hungary, as no longer a full democracy but rather a hybrid regime.[3] This is while, according to Article 49 of the Treaty on European Union (TEU), only democratic states can enter the EU. It is a hard but inconvenient truth that the EU is no longer a club of democracies exclusively.

This should be cause for considerable concern in and of itself, but the problem is not merely a local one, nor can it be easily contained. The democracy problem has 'trickled up' to the domain of the EU itself. For

1 Many thanks to Sebastián Sinisterra, MIA student at Hertie, for valuable research assistance.

2 On the authoritative V-DEM Liberal Democracy Index (LDI), Greece has consistently gone down since 2019, whereas Romania has consistently gone down since 2020.

3 European Parliament, 'MEPs: Hungary can no longer be considered a full democracy', 15 September 2022.

the EU's supranational system of government and governance is intrinsically connected to the national level. Indeed, the national and supranational levels are a two-way street. Article 10, paragraph 2 TEU illustrates this well:

> Citizens are directly represented at Union level in the European Parliament.
> Member States are represented in the European Council by their Heads of State or Government and in the Council by their governments, themselves democratically accountable either to their national Parliaments, or to their citizens.

The very text of this Treaty article shows how the problem with member states' democracies is not contained at the national level. The Organization for Security and Co-operation in Europe (OSCE) has consistently found the last few national elections in Hungary to be 'free but not fair'.[4] European Parliament elections, although they have not been monitored (including in 2019 and 2024), are overseen by the same national authorities. As a result, it is extremely likely that Members of European Parliament (MEPs) elected from that member state are not representative of European citizens' choices in the same way as other MEPs elected in member states that consistently organise free and fair elections. Moreover, member states who are not fully accountable to their parliaments and citizens at home, or less and less so, are represented in the (European) Council.

In other words, the EU now has an urgent *double democracy problem* on its hands,[5] both in some member states and at the EU level itself. Given the existential threat this poses to the very construct of the EU, and the legitimacy of everything that can come out of it (both within the EU itself and in the wider world), one would have expected it to be the subject of laser-focused attention and a plethora of targeted plans by the EU's new incoming executive. However, it has not been. The following analysis first lays out what the Commission's democracy-related plans are.

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4 OSCE Office for Democratic Institutions and Human Rights, 'Elections in Hungary', https://www.osce.org/odihr/elections/hungary (containing information about national elections in 2014, 2018 and 2022).

5 John Morijn, Kim Lane Scheppele, R. Daniel Kelemen, Laurent Pech, 'The EU's democratic future may rest on two Commissioners-designate', *EU Observer*, 29 October 2024.

It then addresses what other existing and new options are available to the Commission to confront the challenge of the EU's double democracy problem.

The Commission creates a shield against external democracy threats ...

At first sight the political guidelines of the new Commission mention democracy quite prominently.[6] The political guidelines dedicate a separate heading to 'protecting our democracy, upholding our values'.[7] The analysis is that 'our democratic systems and institutions are under attack'. It is pointed out that 'methods used [for such attacks] are harder to track, more damaging and easier to deploy with digital tools and social media'. It is said that 'this reflects a deep change in the information space', where there is an ongoing shift 'from editorial media sources to user-generated content pushed by algorithms … lower[ing] the cost of manipulating information and mak[ing] it easier for Russia and others to step up information warfare'.[8] This prompts proposals such as (1) increasing digital and media literacy and boosting prevention through 'pre-bunking' as a way to increase societal resilience and preparedness, (2) setting up a European network of fact-checkers, (3) stepping up enforcement under the Digital Services Act, and (4) addressing deepfakes which are said to 'have impacted elections across Europe'. However, clearly the intended flagship initiative is that of the European Democracy Shield. It is explained as a policy proposal 'to counter foreign information manipulation and interference online, with the aim of increasing situational awareness by detecting, analysing and proactively countering disinformation and information manipulation.'

By proposing the European Democracy Shield so centrally, and justifying it in the way it does, the Commission clearly views the main problem for member states' democracies and EU-level democracy today as coming (mainly)[9] from the outside and as electronic in nature. In fact,

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6 Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024.

7 Political guidelines, p. 23.

8 Ibid.

9 Quite mysteriously, and without elaborating, it also mentions that 'we see a rise in the number of threats from **internal** and foreign actors' (ibid).

this is a double denial of the double democracy problem: the main threat to democracy in the EU actually comes from within and is political, cultural, economic and social in nature. It is mainly a problem, after all, of why non-democratic forces convince so many voters nowadays in so many member states, of why and how certain messages (whether digitally manipulated or not) resonate at all, and how this poisons the whole EU political ecosystem. In other words, how Russia and China manipulate our (social) media to amplify certain messages may well be an important issue, but it is a concern with a means, not a cause. Putting it centre stage is a bit like focusing on fixing a hole in the roof, while the main problem is that one of the pipes inside the house has burst and is now flooding the whole house and damaging the foundations.

Another significant proposal is to expand budgetary conditionality based on rule of law considerations,[10] particularly by linking it to recommendations formulated by the Commission in its Annual Rule of Law Report.[11] It is notable, in that regard, that the definition of 'rule of law' employed in the report is much *wider* than that laid down in the Regulation on the general regime of conditionality.[12] In particular, the Annual Rule of Law Report contains a full chapter on media freedom, which is a precondition for democracy. The Commission has made some of its most critical recommendations to member states precisely in this area. In this way the expanded budgetary conditionality as envisioned by the Commission may well move into the territory of protecting democracy – without the Commission clearly stating, or perhaps even realising this. This would be a welcome way to confront the EU's double democracy problem.

… but should prioritise internal democratic problems instead

Even if the Commission, in its stated plans, does not have its eyes consciously on the double democracy problem, it does have several other existing options at hand to act where the problem lies, and opportunities to seek to protect democracy.

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[10] Political guidelines, p. 24.

[11] For more info, see: https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/upholding-rule-law/rule-law/annual-rule-law-cycle_en

[12] Regulation 2020/2092 on a general regime of conditionality for the protection of the Union budget (Art. 2(a)).

Firstly, it can bring infringement actions under Article 258 TFEU (and enforce CJEU judgments under Article 260 TFEU through asking for financial penalties). As is well known, the Commission, as Guardian of the Treaties, can sue member states if they do not comply with Union law. Protecting democracy at home, including organising free and fair elections, is clearly an obligation incumbent on member states. As was argued already in 2021, the Commission could rely on freedom of expression to sue member states that undermine democracy at home, relying on the argument that free and fair elections cannot be organised without free media at national level.[13]

In terms of other possibilities for infringement action, a recent innovation by the Commission seems promising: in suing Hungary for homophobic legislation it has relied directly on Article 2 TEU (which contains all the EU's foundational values, including democracy).[14] A Court of Justice ruling in this case (769/22)[15] is to be expected in the summer of 2025. However, it must be acknowledged that because of the much more conservative composition of the EP, and the Commission's signalling it may seek to rely on these conservative elements on occasion, the likelihood of this new Commission (pro)actively protecting democracy through infringement actions is not high. In October 2024 the Commission, in caretaker mode and already preparing to work with a more conservative-leaning Parliament, dropped its concern with elections and Article 2 TEU (democracy) when it brought another infringement case against Hungary – about the so-called Sovereignty Act by which Hungary harasses NGOs in a non-democratic fashion[16] – even though these had been clearly and

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13 Adam Bodnar, John Morijn, 'How Europe Can Protect Independent Media in Hungary and Poland – Press Freedom is a Prerequisite for Free and Fair Elections', 18 May 2021.

14 Verfassungsblog editorial, 'The Silent Majority Has Found Its Voice: Five Questions For John Morijn and Luke Dimitrios Spieker', 22 November 2024.

15 For more info: https://curia.europa.eu/juris/document/document.jsf?text=&docid=270405&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=10216965

16 European Commission, 'The Commission decides to refer Hungary to the [CJEU] considering its national law on the Defence of Sovereignty to be in breach of EU law', 3 October 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_4865. The case is now pending as Case 829/24.

specifically formulated as the overarching rationale for bringing the case at earlier stages of the same procedure.[17]

Secondly, the Commission could use its options to monitor the extent to which European political parties honour their pledge of allegiance to the EU's founding values and the Charter of Fundamental Rights (the Charter). Under current rules[18] European political parties need to register with the Authority for European Political Parties and the independent body European Political Foundations (APPF),[19] before they can get funding. And this registration includes a pledge of allegiance to the Charter and the EU's founding values laid down in Article 2 TEU (including democracy). The rationale is that no European taxpayers' money should be spent on enabling EU-level political forces to destroy EU democracy from within. Therefore, this pledge of allegiance is not, or at least should not be, just empty talk.

However, the possibility of checking whether European political parties, in their programme and actions, honour their pledge has remained a dead letter. The Commission could and should take that more seriously. The situation is more urgent now that a new European political party, the Patriots,[20] though it has promised to uphold the Charter and EU values,[21] consists of national member parties that form part of government in member states where democracy is actively undermined. The Commission can also aim to unblock negotiations about its proposal to recast this Regulation.[22] Crucially, the Commission has proposed that the actions of

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[17] European Commission, February 2024 infringement package, https://ec.europa.eu/commission/presscorner/detail/en/inf_24_301 and European Commission, May 2024 infringement package, https://ec.europa.eu/commission/presscorner/detail/en/inf_24_2422

[18] Regulation 1141/2014 on the statute and funding of European political parties and European political foundations. For analysis, see John Morijn, 'Responding to "populist" politics at EU level: Regulation 1141/2014 and beyond', 17(2) *International Journal of Constitutional Law*, April 2019.

[19] https://www.appf.europa.eu/appf/en/home/the-authority

[20] Information on the Patriots: https://www.appf.europa.eu/appf/en/patriots.eu-previously-identite-et-democ/products-details/20201022CPU32647

[21] The Patriots declaration on values: https://www.appf.europa.eu/cmsdata/213537/03_Declaration_on_values_MENL.pdf

[22] Proposal for a Regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations (recast), COM(2021) 734, 25 November 2021.

just one of the constituent national member parties of a European political party (instead of the European political party as a whole) is sufficient to trigger a process of verification of compliance with registration conditions, and therefore EU funding.[23]

In terms of potentially useful *new* measures, one option would be to more clearly introduce democracy conditionality. This would entail that failing to organise fully free and fair elections at the national level – be they purely national or covered by EU law (i.e. EP elections and municipal elections) – would lead to the suspension of EU funds. A legal basis for such democracy conditionality could be found in the abovementioned Article 10 TEU on representative democracy (paragraph 2, first and second sentence), in combination with articles pertaining to the active and passive right to vote (Article 22(1) Treaty on the Functioning of European Union (TFEU) and Articles 39–40 in the Charter).

Far-fetched? No: rule of law conditionality to protect the EU budget has so far shown to be the only policy method capable of changing the calculus of governments of member states where democratic backsliding occurs.[24] The only problem has been that the Commission has not chosen to see through this logic fully, for a variety of political reasons.[25] In any case, as mentioned, the Commission has announced it will look into expanding the scope of budgetary rule of law conditionality. Expanding the scope of this conditionality to include another EU foundational value, democracy, is likely the most effective way for the Commission, within its current range of options, to face the EU's double democracy problem. Money talks, particularly for aspiring non-democrats. And the EU should continue its move away from *Money For Nothing* to *Money For Something*.[26]

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[23] The European Parliament legislative train website for this initiative can be consulted here: https://www.europarl.europa.eu/legislative-train/theme-a-new-push-for-european-democracy/file-statute-and-funding-of-the-european-political-parties-and-foundations

[24] Kim Lane Scheppele, John Morijn, 'Money For Nothing? EU institutions' Uneven Record of Freezing EU Funds to Enforce EU Values', *Journal of European Public Policy*, November 2024.

[25] Ibid.

[26] Ibid.

A mischaracterised problem cannot be solved

Problems with democracy in a limited but growing number of democracies in member states have slowly 'trickled up' to the EU level. The Commission, and the other EU institutions, will need to deal with this head on. This will be harder than before, precisely because of the de-democratising and not fully democratic elements now *already* present in each EU institution. Majorities enjoying full democratic legitimacy are shrinking. This is a new, inconvenient truth for the EU.

The flagship Democracy Shield initiative, whatever its merits might have been during times that the EU was still a club for national democracies exclusively, will not cut it alone. Instead, the Commission will need to make full use of existing tools, such as bringing democracy related infringement cases and monitoring the actions of European Political Parties and European Political Foundations. It could also propose new measures, such as budgetary conditionality relating to complying with democracy standards at the national level. In any event, the new Commission will have to do *something* and do so *quickly* – the EU's double democracy problem will not go away if policymakers continue to ignore its nature and reduce it to a digital challenge from abroad.

VALUES

The Myth of European Values

Hans Kundnani

Claims without foundation

The European Union likes to think that it stands for something called 'European values'. According to Article 2 of the Treaty on European Union, it is 'founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.' The European Council's most recent Strategic Agenda repeats this formulation almost word for word and says that the EU 'will protect and promote' these values.[1] The new European Commission also includes a new position of Commissioner for Democracy, Justice and the Rule of Law, which was assigned to Michael McGrath, Ireland's former finance minister.

However, though many people in Europe think it is self-evident, it is far from clear that the EU stands for 'European values' – or even that they exist. Those who believe in the idea of 'European values' are making two distinct claims, though they are rarely differentiated from each other or spelled out. The first claim is that there is a set of values that are distinctively, originally, or uniquely European – usually, democracy, human rights and the rule of law, which are really political principles rather than values. The second claim is that, even if it sometimes fails to live up to these values, the EU somehow embodies them. In this essay I will examine each of these two claims in turn and show that neither of them is true.

[1] European Council, Strategic Agenda 2024–2029.

Democracy, human rights and the rule of law as 'European' values

In order to persuasively claim that there is a set of values which are 'European' in some meaningful sense, you would have to be able to show that there are values that, on the one hand, unite Europeans (in other words, people across Europe believe in them) and, on the other hand, are distinct from the values held by people from other parts of the world (in other words, people in the rest of the world don't believe in these values, or at least believe in them less than Europeans do). But as soon as we examine the values that are usually claimed to be European – that is, democracy, human rights and the rule of law – it becomes clear that this is simply not the case.

To begin with, there are plenty of other democracies around the world beyond Europe. In fact, the world's largest five democracies (Brazil, India, Indonesia, Japan and the United States) are all outside Europe. Of course, some of them are going through crises and may even be in the process of 'backsliding' into authoritarianism, though in most cases it is too soon to say. But this is also the case in Europe – not only in central and eastern Europe (e.g. Hungary) but also in western Europe (e.g. Italy). In other words, in terms of a commitment to democracy or the quality of democracy, it becomes quite difficult to see anything which clearly sets Europe apart from the rest of the world.

Even if today democracy is not exclusively or even distinctively European, you could argue that it is at least *originally* European – that is, that democracy *began* in Europe and was subsequently exported to the rest of the world. Many people simply assume this to be the case without knowing either the history of democracy or the intellectual and political histories of other parts of the world. The reality, however, as the Australian political theorist John Keane has shown, is that democracy 'was *not* a Greek invention'.[2] Rather, the story of the emergence of democracy is a much more complicated one that goes back further than fifth-century Athens and also involves polities in the Middle East and India.

However we understand the exact role of Europe in the history of democracy, there is also another problem with the claim that it is a European

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[2] John Keane, *The Life and Death of Democracy* (New York: Simon and Schuster, 2009), p. x. Keane even writes of the 'Greek plagiarism of democracy'.

value. Even if democracy is a European value, why is authoritarianism, for example, not also a European value? Clearly, there is a long history of authoritarianism in Europe too. Whether or not Europe invented democracy as many assume it did, it clearly did invent fascism – and it may have been more successful in exporting fascism around the world than in exporting democracy. Certainly, many authoritarian movements around the world have been inspired by European fascism. So even if democracy is a European value, surely authoritarianism – its opposite – must be too.

The claim that human rights is a European value is equally problematic. Clearly, there is a history of thinking about human rights in Europe that goes back to the Enlightenment and the idea of the rights of man, which some argue is intimately connected to the influence of Christianity in Europe. But today there are plenty of other countries around the world that claim to stand for human rights and have as much of a claim to have defended or promoted those values as Europeans. Moreover, other countries around the world have their own parallel histories of thinking about rights, often based on their own religious traditions. Who knows all of these histories well enough in order to claim that human rights are distinctively European?

The same goes for the rule of law as for democracy and human rights. If by the rule of law we understand the general principle that everyone is equal before the law and no one is above it, it is not an idea that is exclusive to Europeans. Though there is again a specific European tradition of thinking about equality before the law, there are also analogous traditions elsewhere in the world. Moreover, there are also differences *within* Europe around how exactly to understand the rule of law. In particular, there is a distinctive German tradition of thinking about the idea of the *Rechtsstaat* which is different from traditions in other European countries. In other words, beyond the basic idea of equality before the law, the rule of law may divide Europeans as much as it unites them.

Even if we could claim that the rule of law is distinctively European, we would face the same problem as with the claim that democracy is a European value but authoritarianism is not. After all, European history is as much a story of violations of the rule as of the rule of law itself – or, to use the German terms, it is the story of *Unrechtsstaatlichkeit* as much as *Rechtsstaatlichkeit*. Thus the idea of European values tends to express

a tendency to idealize European history as if it consisted only of ideas that we approve of today – or, to put it another way, it is an expression of wishful thinking rather than a description of reality. In this sense it is analogous to claims that certain ideas are 'un-American' even though they are clearly part of American history.

The EU and 'European values'

Even if democracy, human rights and the rule of law are not exclusively, originally or uniquely European, it might still make sense to think of them as 'European values' if it were the case that the EU itself somehow embodied them. But it does not. Of course, since the Declaration on European Identity in 1973 – the first attempt to codify the idea of 'European values' – the EU has claimed that it stands for democracy, human rights and the rule of law.[3] But in order for the idea of European values to be meaningful, Europeans must surely in some way be collectively committed to them in a way that goes beyond mere rhetoric. They cannot simply proclaim them; they must actually live by them.

It is particularly difficult to claim the EU stands for democracy. After all, one of the main criticisms of the EU is that it is undemocratic. In 2003, the German sociologist Ulrich Beck – who was by no means a Eurosceptic – even quipped that, if the EU applied for membership in the EU, 'its application would be flatly rejected' because it 'doesn't live up to its own criteria of democracy'.[4] Since then, the problems with the EU from a democratic perspective have, if anything, become even more acute – especially since the beginning of the euro crisis. But in recent years, as the EU has struggled with Hungary and Poland over the rule of law, the debate about the EU's 'democratic deficit' has been largely forgotten.[5]

Whatever the problems around democracy *within* the EU, many assume that the EU at least promotes and defends democracy in its approach to the rest of the world beyond its borders, especially in its so-called neighbourhood. This may have been the case in the 1980s, when the accession of Greece,

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[3] Declaration on European Identity, 14 December 1973.
[4] Ulrich Beck, 'Understanding the real Europe', *Dissent*, summer 2003, https://www.dissentmagazine.org/article/understanding-the-real-europe/.
[5] See Chris Bickerton, The future of the EU: a retrospective, Real Instituto Elcano, 9 December 2021.

Portugal and Spain to the EU was closely connected to their transitions to democracy. But by the time that central and eastern European countries joined the EU in the 2000s, the EU was exporting neoliberalism as much as good governance.[6] As Bulgarian writer Ivan Krastev puts it, the accession process 'virtually institutionalized elite hegemony over the democratic process' while sidelining parliaments, which after the revolutions had been seen by citizens as the real representatives of the people.[7]

Democracy has played even less of a role in the EU's approach to its southern neighbourhood than in its approach to its eastern neighbourhood. Until the Arab Spring, the EU and member states like France and Italy maintained cosy relationships with autocratic rulers like Zine El Abidine Ben Ali in Tunisia and Muammar Gaddafi in Libya. After the democratic uprisings began in 2011, there was a brief moment when the EU promised to promote what High Representative Catherine Ashton called 'deep democracy' in the region. But after the refugee crisis in 2015, it abandoned this approach and once again sought to cut deals with authoritarian leaders in countries like Libya and Tunisia whom it paid to prevent migrants crossing the Mediterranean. The EU has now signed similar deals with Egypt, Mauritania and Lebanon.

EU policy in its southern neighbourhood also undermines its claim to stand for human rights. Since 2014, over 30,000 people have died trying to cross the Mediterranean. Last year Human Rights Watch said that EU policy could be summed up in three words: 'Let them die'.[8] As the Irish reporter Sally Hayden has aptly put it, mass death has been normalized.[9] In addition to those who drown in the Mediterranean, authoritarian states

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[6] See for example Hilary Appel and Mitchell A. Orenstein, *From Triumph to Crisis: Neoliberal Economic Reform in Postcommunist Countries* (Cambridge: Cambridge University Press, 2018); David Ost, *The Defeat of Solidarity. Anger and Politics in Postcommunist Europe* (Ithaca: Cornell University Press, 2007).

[7] Ivan Krastev, 'The Strange Death of the Liberal Consensus', *Journal of Democracy*; Volume 18, Issue 4, October 2007, pp. 56–63, here pp. 58–59. See also Chris Bickerton, *The European Union: A Citizen's Guide* (Harmondsworth: Penguin, 2016), p. 170.

[8] Human Rights Watch, 'Europe's "Let Them Die" Policy, One Month after Mass Drowning', 14 July 2023, https://www.hrw.org/the-day-in-human-rights/2023/07/14?story=paragraph-6128.

[9] Sally Hayden, 'Welcome to Europe, Where Mass Death Has Become Normal', *New York Times*, 16 August 2023.

like Libya carry out human rights abuses on behalf of the EU, as Hayden and others have documented. This policy of outsourcing violence allows the EU to continue to claim it stands for human rights – some might even argue that that is the point of it.

The value that can most plausibly be claimed to be 'European', in the sense that the EU embodies it, is the rule of law. After all, the EU is nothing if not a set of rules – and creating rules is what the EU does. But the idea of the rule of law is not quite the same thing as simply creating and enforcing laws. In fact, central to the way we understand the rule of law is not just that laws exist and are enforced but that they are *legitimate*. This in turn brings us back to the problems with the EU from a democratic perspective. The European Commission can attempt to enforce the EU's rules and even to expand them into new areas. But if those rules are not perceived as legitimate, the rule of law cannot be said to prevail.

When the EU claims to defend the rule of the law in the EU – for example in its battles with far-right governments in Hungary and Poland – it is often simply insisting on the primacy or supremacy of EU law. But the former Polish foreign minister Zbigniew Rau argued that, in taking action against Poland for violating the rule of law, the EU was itself violating the rule of law by going beyond what it was allowed to do by the EU treaties and acting in an arbitrary way.[10] Whether or not he was right, what this illustrates is that what are called European values are often not so much ideas in which Europeans in general believe, but rather ideas in which 'pro-Europeans' – that is, supporters of European integration in its current form – believe.

Instead of instrumentalizing the idea of 'European values' in its battles with Eurosceptics, the EU should focus more on actually living up to them. That begins in the Mediterranean, where the disconnect between rhetoric and reality of 'European values' is the greatest – and has lethal consequences. Similarly, instead of endlessly claiming to stand for democracy, it might also think harder about how to make itself more

[10] Zbigniew Rau, 'Die EU-Verträge sind Heilig', *Frankfurter Allgemeine Zeitung*, 26 November 2020.

democratic.[11] In the meantime, it would be a good idea to stop talking about a set of 'European values' as it were self-evident what they were. Instead, 'pro-Europeans' should think harder about the values themselves and speak about them without claiming European ownership of them.

[11] For more on this, see Hans Kundnani, 'Depoliticisation and the Crisis of Democracy in Europe', European Democracy Hub, 20 February 2024, https://europeandemocracyhub.epd.eu/depoliticisation-and-the-crisis-of-democracy-in-europe/.

On the Limits and Ambiguities of Unity

Thu Nguyen

United in diversity

Unity is a prominent concept in debates about and within the European Union. The bloc's very motto, *united in diversity*, underscores its centrality. Depending on the events of the day, shows of unity are hailed – or claims of a crumbling unity in Europe are bemoaned. Around the start of this new EU legislative period, the term has frequently been linked with the concept of strength. In some instances, unity is equated with strength ('Unity is strength'),[1] or framed as complementary goal alongside strength, which are both to be advanced through European action ('our plan for European strength and unity').[2] In others, it is presented as a prerequisite for more strength ('United we are stronger').[3] In his second Sorbonne speech in April 2024, French President Emmanuel Macron even went as

1 German Chancellor Olaf Scholz at a meeting with French President Emmanuel Macron and Polish Prime Minister Donald Tusk in Berlin, 15 March 2024, see "'Unity is strength,' insist Macron, Scholz and Tusk as trio tries to bury the hatchet over Ukraine strategy, *Politico*, 15 March 2024.

2 Ursula von der Leyen, *Europe's Choice, Political Guidelines for the Next European Commission 2024–2029*, Strasbourg, 18 July 2024,

3 Antonio Costa on Bluesky, 12 December 2024: https://bsky.app/profile/eucopresident.consilium.europa.eu/post/3ld42bt7kv22b.

far as saying that 'without […] European sovereignty and unity, history would no doubt have left us behind'.[4] In a similar vein, the new posters hanging on the European Commission's Berlaymont building in Brussels display the gigantic slogan: 'United for our Future'.

Unity is thus often portrayed as both a prerequisite for the European Union's future viability and a reflection of its strength, particularly in the face of external threats such as the Russian threat or a global pandemic. The prevailing narrative suggests that the more united the bloc is, the stronger it becomes against adversaries and the brighter its future appears. This already prominent issue has become even more so in the new legislative period, especially since US President Donald Trump took office in January 2025. Will member states present a united front, whether it is on trade policies vis-à-vis the new US administration or on defence matters in light of the latter's retreat as a reliable partner – or will they allow themselves to be divided both by external and internal forces? Despite its centrality in European rhetoric, the concept of unity remains strikingly ambiguous. It is unclear what exactly is meant by unity or what purpose it serves. Is unity merely a functional requirement for the EU's effectiveness, or does it carry normative significance, grounded in shared values and principles?

In this essay, I reflect on three dimensions of the concept of unity in the context of the new EU legislative period: 1) unity on policy outcomes (the outer layer), 2) unity on values that form a common foundation (the inner layer), and 3) the limits of unity following the 2024 European elections. I will argue that the EU's unity rests on a foundational core of rules and procedures that govern decision making and allocate competences, as well as a minimum set of common values that must be uniformly upheld. This adherence to a shared 'core' enables diversity in policy outcomes. However, defining this core has become increasingly challenging, particularly as the rise of Eurosceptic actors in both member states and the new European Parliament continues to contest traditional understandings of this core.

[4] Emmanuel Macron, Europe speech, Élysée, 24 April 2024.

The outer layer of unity: policy outcomes

When referring to unity in the EU context, what often seems to be meant is the ability of member states to arrive at joint decisions on policy, be it on sanctions against Russia or on addressing the fall-out of the COVID-19 pandemic. Are member states able to adopt a common position despite differences in opinion because they fundamentally believe in the benefits of joint action? In this sense, unity does not necessarily equate to unanimity or consensus. In fact, it could be argued that the European decision-making processes, and in particular qualified majority voting (QMV) in Council, constitute a way of fostering unity in a form of a commonly accepted and binding decision even in the *absence* of unanimous agreement. What is decisive is the willingness of national governments to abide by these decisions, even when they run counter to their own preferences or votes, because they were taken in accordance with the commonly agreed rules and procedures that govern decision making.

One significant limit to unity under this approach arises when member states refuse to accept decisions as binding if they do not support them. A prominent example is the bloc's migration rules, which have been flouted by several member states, including Poland and Hungary, who have also voted against the latest reform package. Another interesting case to watch will be the member states' reactions to the second Trump administration when it comes to trade. The US President has already announced tariffs on steel and aluminium[5] as well as threatened to upend the WTO-based global trade order via his 'reciprocal' tariff agenda. There is a risk that, faced with potentially extensive trade restrictions, member states might enter into bilateral negotiations with the US administration for their own benefit and thereby undermine the EU's collective bargaining power.[6]

A second limit emerges in areas where no decision-making process is in place to resolve differences, i.e. areas in which unanimity still applies and where unity *does* equate to consensus. The EU's Common Foreign and Security Policy (CFSP) is a prime example of an area in which this limit applies, and where the absence of unity becomes evident the moment

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[5] White House, Fact Sheet: President Donald J. Trump Restores Section 232 Tariffs, 11 February 2025.

[6] Arthur Leichthammer, Elvire Fabry, 'The EU's Art of the Deal: Shaping a unified response to Trump's tariff threats', Jacques Delors Centre Policy brief, 19 December 2024.

disagreements arise. In the best-case scenario, a compromise is reached despite diverging opinions. In the worst case, conflicting perspectives and unclear competences lead to fragmented and inconsistent statements from different EU actors, as exemplified by the bloc's responses to the Gaza/Israel conflict. In extreme situations, divisions in areas where unanimity applies may result in differentiated forms of integration, where some member states participate in a specific policy area while others do not. Denmark, for example, does not participate in the EU's migration and asylum policies as part of a broader opt out of the EU's Area of Freedom, Security and Justice (AFSJ).

Consequentially, I would argue that unity in policy is in essence also a procedural matter: it concerns how the EU can reconcile diverse interests to produce outcomes that are broadly accepted and adhered to by all member states. At the same time, it is necessary to differentiate between policy areas, as the importance of unity varies across them. For some policies, it is vital for their effectiveness that all member states abide by the rules. One could think of those relating to the internal market, for example, or to the EU's climate policies. In contrast, other policy areas may allow for more flexibility, e.g. through minimum standards, and leave more room for member states to pursue different actions or move at their own pace, provided their approaches are coordinated and aligned with overarching EU goals (such as employment policies).

The inner layer of unity: a (minimum) common core of values

At its core, the European Union requires not only agreement among its member states on the rules and procedures that govern them but also alignment on the fundamental values that underpin the EU itself. For member states to tolerate divergent views on policy matters and accept outcomes that may not align with their own preferences, there must be consensus on the general direction – the guiding compass – of those decisions. Mark Dawson and Floris De Witte describe the EU as a unity 'based on common rules, whose members have a fundamentally different connection to each other than non-members'.[7] This unique connection

[7] Mark Dawson, Floris De Witte, *EU Law and Governance*, 1st ed (Cambridge: Cambridge University Press, 2022) 202.

arguably goes beyond legal, economic, and political interdependence; it also encompasses a set of shared values, at least on a minimum level, that (should) underpin all actions by all actors. Moreover, this connection is sustained by a mutual understanding that collective action is preferable to national approaches in certain areas, reinforcing the desirability of unity over fragmentation.

The Treaties are clear on the EU's foundational values. Article 2 of the Treaty on European Union (TEU) states that 'The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States […].' What is not so clear is the exact scope of these values. On one hand, the EU must accommodate a certain degree of diversity in interpreting and applying these values, or it risks overreaching and/or breaking apart. The European Court of Human Rights (ECtHR), facing a similar balancing act, recognizes this need through its 'margin of appreciation', which allows states some discretion in fulfilling their obligations under the European Convention on Human Rights. On the other hand, there is the question of how much diversity the EU can afford on its values before its foundations become eroded and its functionality compromised.

Challengers to the EU's core foundational values may decide to no longer abide by these values, or to change them from within. The most prominent example is the case of Hungary under Prime Minister Viktor Orbán, even though other countries may also be mentioned here. Under Orbán's leadership, democracy and the rule of law in Hungary have been systematically eroded, and he has increasingly shown that he is no longer willing to abide by the rules of the game agreed at the outset, challenging the unity of the EU. He has not only significantly restricted the EU's ability to act politically through repeated blocking manoeuvres – one recent case being his veto, alongside Slovakia's, to avert sanctions against Georgian officials following a violent crackdown on protesters – but also actively acted against collective EU interests. A particularly striking example is his so-called 'peace mission' to Russia in July 2024, which was widely condemned by the EU institutions and other member states as appeasing Putin and undermining the EU's united stance on Ukraine. Interestingly, the EU's support for Ukraine is an issue that is so fundamental to the bloc

that it is not treated merely as a policy matter but, at least in rhetoric, as being on par with the Union's core values. The European People's Party (EPP), from which Commission President Ursula von der Leyen hails, thus repeatedly proclaimed in the run-up to the European elections in June 2024 that they would only work with those political actors who are 'pro-Europe, pro-Ukraine and pro-rule of law'.[8]

This example also highlights the endogenous nature of the EU's common core, which to some extent is also always defined politically, meaning it can be adjusted, if the member states so agree. The key question is where the limits of such adjustments lie and whether unity is purely functional or whether there is agreement that a minimum core of values exists that cannot be compromised. To put it concretely: if unity is purely functional, it might even be elevated above values. In a way, we have seen a version of this dynamic in the winter of 2023/24, when the EU showed a certain willingness to look past value-infringements by Hungary to secure unity on aid to Ukraine. Taken to an extreme, the functionalist understanding of unity might even mean that as long as there was consensus in the EU that fundamental rights should be abolished, for example, this could be done. This is, of course, not the case. This is because unity in the EU also has a normative dimension, rooted in shared values as articulated in Article 2 TEU. This dual nature of unity introduces a degree of ambiguity: while unity is often championed as the EU's ultimate goal, not all forms of unity are inherently desirable. When unity serves to undermine EU values or leads to negative outcomes, the absence of unity might, paradoxically, be preferable.

Unity after the 2024 European Parliament elections

The EU's common core is increasingly challenged not only by far-right Eurosceptic governments but also by far-right parties in the European Parliament. The 2024 elections resulted in a substantial increase in seats for far-right and far-right populist parties, now spread across three political

[8] The three criteria have been repeated by EPP leaders at several occasions, for example: Manfred Weber in an interview with Politico, see 'This time, the far-right threat is real', *Politico*, 6 February 2024; Ursula von der Leyen in a speech at the EPP Congress, 7 March 2024: https://www.epp.eu/news/speech-by-epp-lead-candidate-ursula-von-der-leyen-at-the-epp-congress; the EPP Group on X, 19 August 2024: https://x.com/EPPGroup/status/1825460250234835073https://x.com/EPPGroup/status/1825460250234835073.

groups: the European Conservatives and Reformists, Patriots for Europe, and Europe of Sovereign Nations, collectively making up roughly a quarter of the new Parliament. This shift in the Parliament mirrors the growing presence of far-right participation in or support for national governments represented in the European Council, including those of Italy, Finland, Slovakia, Hungary, Croatia, the Czech Republic, the Netherlands, and Sweden.

This shift has two significant consequences. First, the growing fragmentation within both the (European) Council and the European Parliament may hinder the EU's ability to make decisions. As necessary majorities become harder to achieve – not only within individual institutions but also across them – the decision-making process risks becoming paralyzed, undermining unity on policy. Second, and more critically, there is the threat of the EU's foundational values being eroded from within, potentially endangering the European project itself. While unity is often championed as a defence against external threats, its greatest challenges originate internally. As far-right Euroscepticism has largely transformed from a strategy of exiting the EU towards a strategy of reforming the EU from within, European unity may be increasingly challenged as actors advocating for a re-nationalization of Europe are increasing in number, and feel emboldened by the electoral success of Donald Trump.

Importantly, the problem is not a possible rightward shift of EU policy; the EU may well be united in alignment with far-right positions on specific issues, as is increasingly evident in migration policies. Nor is the problem a greater politicization of EU policies. For a long time, the pro-European mainstream has avoided politicization; unity was in the past also achieved by dealing things out behind closed doors. Changing this might not only be unproblematic but even desirable from a democratic perspective. Rather, the danger lies in an increasing number of member states flouting European rules and/or resorting to national actions even where competences lie at European level.

It is unclear how far the concept of unity can be stretched in practice. Where does the breaking point lie at which even benevolent member states will refuse to abide by the rules and deliver on financial commitments to the EU, because they no longer feel that other member states adhere to the same rules? In a world increasingly shaped by global power dynamics, it is evident that the EU can only assert its interests effectively against major

players like Russia, China, and the United States if it remains united. Individually, member states have limited influence on the global stage. Next to rules and procedures, institutional and political leadership can be important to overcome differences. Whether the EU can continue to embody the credo 'unity is strength', so often championed by its leaders, thus also hinges on the question of whether there will be strong enough leadership to hold the bloc together, even with an increasing number of Eurosceptic leaders at the table. This challenge will undoubtedly be one of the key issues facing the new EU legislative period.

What is the most pressing dimension of ***security*** in Europe and is the EU on the right track with its current approach to ***geopolitics***? Why is there so much talk about ***resilience*** and do we miss something when all eyes are on EU ***competitiveness***? Is the EU's focus on ***inclusion*** too narrow and what is our weak spot in the area of ***demography***? Does the EU misinterpret the threat against ***democracy*** and what is the problem with asserting European ***values***? Is the EU lacking a genuinely European ***leadership*** and does the EU's ***unity*** always equal strength?

For this volume, SIEPS has asked thought leaders and renowned EU experts to take a critical look at ten key concepts for the EU's new political cycle. These contemporary buzzwords appear frequently in the EU's daily political discourse and influence policy outcomes, but they are less often scrutinized. With these essays on central concepts in EU policymaking, SIEPS hopes to promote and inspire a critical discussion on the future of the European Union.

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