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## REFORMING THE EUROPEAN UNION IN 2018: five proposals with some wishful thinking

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In 2017 Brussels rediscovered its optimism. Unity and stability became the new magic words for a union in a state of permanent transition that needed to avert the political and mental hammer-blow of Brexit. The elections in the Netherlands, France and Germany slowed the assault on power of a populism that nevertheless remains in force and in expansion, especially since the formation of the new Austrian coalition government.

Europe's rhetoric has changed, but unless overcoming the crisis is enshrined in specific policies, the new reformist discourses will remain insufficient. The ambitious proposals made by the French president, Emmanuel Macron, to reform and federalise the eurozone (still without genuine support from Berlin and met by the anticipated distrust of the capitals that most fear a Europe of first- and second-tier members), and the vague conclusions of the **Social Summit in Gothenburg**, which lacked binding commitments but confirmed that there can be no renewal without a social Europe, have laid the first foundations of the new European discourse.

In addition, the Eurobarometer shows the slow recovery of a trust shattered by the legacy of years of crisis: political and geographical rifts, social emotions running very high, inequality and fear. The woeful handling of the financial crisis

and its consequences put an end to the "permissive consensus" which over decades allowed a European project to be built on the basis of delegating citizens' political trust in their governments. Nevertheless, for the first time since the start of the economic and financial crisis in 2007, Europeans have a positive opinion of the current position of the European economy (48%, 6 percentage points higher than in the Eurobarometer of the first half of 2017), which is higher than the negative (39%, down 7 percentage points). Support for the euro is at its highest level since 2004 and 57% of Europeans are optimistic about the EU's future. In his most recent **speech on the state of the union**, the president of the European Commission, Jean-Claude Juncker, spoke of the winds again filling the sails of the EU. Winds of change and recovery. But there can be no restoration of that political

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**The EU must ask itself urgently how it can regain public support and return to the idea of Europe as a solution.**

**Subjecting EU leaders to public scrutiny can only be positive.**

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consensus on the EU project without first rebuilding public trust. With the new millennium the European construction ceased to be a vertical project, as failures such as the European Constitution project and the spread of populism also demonstrate. Juncker should remember that any reform of the European architecture agreed only between the capitals, behind the backs of an electorate that is critical during elections will continue to cast shadows over the project's legitimacy.

The first step in reforming the 27-state European Union is political will. Somewhere between the *Révolution* Macron proposes in his book-manifesto by calling for a new citizen's convention to debate the future of Europe (too similar to the disappointing pre-European Constitution convention) and the "United States of Europe" demanded by the German social democrat Martin Schulz by 2025 at the latest is the Europe of results. Rethinking today's complex Europe would require going much further than the intergovernmental rationales of either one. For starters, this is a union that lacks direct political capacity in large cities that contain more people than certain member states, and which resists ceding control of the appointment of EU high representatives through electoral processes that fail to shake off their national patterns. Not to mention the debate on sovereignty and political control that underlies not only Brexit but also the reinvigorated nationalism that is rampant across Europe. But, above all, the EU must urgently ask itself how public support can be regained without reshaping the trust

## The European Union needs to strengthen its political legitimacy; rethinking today's complex Europe would require going much further than intergovernmental rationales.

between EU partners? How can we return to the idea of Europe as a solution if we do not give up the habit of blaming Brussels for all wrongs? How can the EU advance without overcoming the internal divisions that weaken it? Brexit and the rift over the so-called refugee crisis – as well as the absolute imposition of intergovernmentality as the only engine of the European project – have established a drift towards disintegration that threatens the foundational idea of political union. As recognised in Guy Verhofstadt's [parliamentary report](#) on the possible institutional changes for the EU: "intergovernmental methods [that] *bypass* the 'Community or Union method' as defined in the Treaties ... not only leads to less effective policy-making but also contributes to a growing lack of transparency, democratic accountability and control." The EU needs a deep rethink about itself.

2018 will be the year of European reform. Or at least it will be the year in which the future of the post-Brexit European Union will be debated. But without the Europe of results and without the political will needed to implement these changes, EU transformation – not only rhetorical but in terms of perception – will make no impression. The possibilities are there. Some are even already being discussed and have gen-

erated social mobilisation in favour of their implementation. Below I set out five concrete proposals for starting to change Europe's discourse, political will and image.

### Democratic representation

The European Union needs to strengthen its political legitimacy. President Juncker anticipated the debate by suggesting various proposals to strengthen the democratic legitimacy of the European institutions, from a single, unified president of the Commission and Council – a measure halfway between efficiency and the fight to share out institutional power in Brussels – to an increased role for national parliaments in the democratic control of EU decisions. The idea of achieving "one captain ... steering the ship" in Juncker's words, is still a long way from being realised, even though the proposal of converging the presidencies of the Council and Commission dates back to the era of Jean-Luc Dehaene when it was number 2 on the European convention for the future of the union. During his mandate at the head of the EU's executive, Juncker has had no qualms about emphasising this duality. He drew on his renowned irony in May 2017 during the first official visit by President Donald Trump to Brussels, "You know, Mr President, we have two presidents in the EU" said the president of the European Council, Donald Tusk, to the US president to break the ice in front of the television cameras. "I know that", said the American. "One too much", said Juncker indicating Tusk. The distribution of institutional power in Brussels is also in transition and this confrontation will undoubtedly influence any debate on EU reform proposed in the coming months.

But two other proposals have already led the way and could materialise shortly: the most advanced is the embryonic one of transnational European lists.

#### 1. 73 seats to be shared out

The United Kingdom's exit from the European Union will free up 73 seats held by British MEPs in the European Parliament. These seats were very quickly under discussion and for the first time, after years of debating and demands being made by European federalist movements, the possibility of creating an embryonic transnational list emerged at institutional level. Those in favour of the option argued that it would not overly damage national interests or those of the large political families, and it would set instead the precedent of a single list made up of representatives from the 27 member states, conceived with a European rather than national outlook, and a European programme and candidates that would be enlisted in a transnational campaign. However, the European Parliament has recently rejected this post-Brexit plan for transnational lists, that it should be now voted by EU national governments.

In his *Initiative for Europe* speech at the Sorbonne in Paris on September 26th, Emmanuel Macron argued for the need for transnational lists in the 2019 European elections: it would be "Europe's response to Brexit" he challenged.

The debate over sharing out the seats could, however, turn out to be complicated. France and Italy have openly backed transnational lists. The Socialists and Liberals too. But the main group in the European Parliament, the European People's Party (EPP) distrusts the idea because it does not believe that it facilitates a greater connection between citizens and European politics. "It would be difficult for Angela Merkel's CDU to share a list with members of Viktor Orbán's Fidesz", a German analyst vividly summarised. The strategy of tying political forces of different stripes together to broaden the large groups in the chamber and the infiltration of populism into the rhetoric and political agendas of many traditional parties has ended up creating awkward travelling companions who are difficult to defend to electorates at home. Nevertheless, none of the 73 seats to be freed up by Brexit belonged to the EPP.

## 2. More Spitzenkandidaten

Midway between European elections, the debate on the *Spitzenkandidaten* is back in the limelight – the idea of linking the winning candidate in the elections to the European Parliament with the European Commission presidency. The process of electing Brussels' senior institutional officials – Commission, Council and High Representative for Foreign Affairs – had become the symbol of the murky and antidemocratic trading between the EU's heads of state and government, deciding the future of the EU institutions based on geographical balances, political families and, recently, if always as a final consideration, gender. This idea therefore sought to increase the democratic legitimacy of the appointment process and to promote a degree of knowledge among the citizens about the candidates to lead the EU executive, who should also get involved in a transnational electoral campaign. The idea of the *Spitzenkandidaten* has always been accompanied by criticisms, especially because it failed to notably increase participation in the 2014 European Parliament elections, but thus far there has been no alternative proposal for democratising the method of electing the future presidents of the Council and Commission. To reinvigorate the European elections much more than a name is needed. Democratic participation is directly linked to the perception of the European project and not only to the candidates in play. But the *Spitzenkandidaten* path is already in place and should not be reversed. Subjecting the EU's leaders to public scrutiny – even if only because of the obligation to participate in an electoral campaign that takes them into the field to publicly defend their idea of Europe outside their country of origin – strengthens, albeit tentatively, the Europeanisation of the political sphere of the twenty-seven; accepting that the ballot box and not negotiations behind closed doors decide their future – all of this could be positive.

Going further with the idea of *Spitzenkandidaten* and extending it to future European commissioners would also contribute to the democratisation and transparency of the

process of selecting the next EU executive. Every member state should accept that the candidate from the grouping that wins most votes in the 2019 European elections in their country – even if it is not the party in government – should automatically be designated to occupy a role in the next Commission. The citizens would gain a further incentive for electoral participation and the public debate on the union would be strengthened.

The 2014 European elections were a duel between a scepticism fuelled by crisis and media efforts to promote an authentically transnational debate – though it only reached the most convinced. The reticence of some capitals – led by Berlin – to give up the prerogative of controlling the key nominations in Brussels threatened, right up to the final moment, to undermine a democratic exercise branded an electoral game. Even if increasing electoral participation continues to be the main task pending in the European elections, any attempt to reduce citizens' capacity to influence Brussels would mean turning their backs on transparency once again. If the political ambition to reform exists, the answer can only be to continue involving Europeans even more.

## Economic strength and solidarity

Brussels's optimism has also reached its finances. The economic forecasts for the eurozone in 2018 predict growth at the fastest rate for a decade. With the rhetoric of exceptionality

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and urgency that characterised the crisis years gone, the eurozone now needs to reason and explain the pending reforms.

The Commission has proposed transforming the rescue mechanism into a European Monetary Fund and creating a budget for the eurozone – ambitious ideas that are shrouded in questions. What resistance would certain member states put up to contributing to this fund? What intervention capacity would it have and to whom would it be accountable? Eurozone reform, like the finalisation of the Banking Union, will not be able to get underway until at least midway through 2018, or whenever Germany has a consolidated government and a clear idea of what adjustments it is prepared to accept beyond the generalised mantra of its resounding no to a "Union of transfers". Solidarity continues to be down at the bottom of the discussion.

The eurozone needs to reform itself not only to guarantee greater political integration but also to counter the democratic deficit resulting from the exceptional transfer of economic, political and fiscal power to the Commission and the Eurogroup without expanding, at the same time, the European Parliament's capacity for political control over them.

The long negotiation over the next German government brings delays and reduces the chances of a reformist agenda for 2018. The north-south divide shapes the debate on the limits of the transformation of the eurozone while the east-west rift defines the discussion on the transfer of competences. But the need to regain the social Europe is transversal. To use Macron's slogan, later adopted by the European Commission president, the "Europe that protects" should move from the rhetorical phase into action.

### 3. Social measures

The euro crisis is what lies beneath European unease and the eurozone cannot be reformed without a proper interpretation of a discomfort that is not only political but also social and which depends on the perceptions of Europeans and the opportunities they feel are within their reach. A comparative report on the attitudes of European elites and citizens to the EU published in 2017 by Chatham House stated that only 34% of European citizens feel the EU benefits them, as against 71% of the elites who feel it is directly positive for them. Socioeconomic inequalities have increased in the European Union over the past decade. According to the OECD,

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the crisis sacrificed the social Europe to save the economic project, meaning that too many wounds remain open and will not be healed only through more political integration for the countries using the single currency. A stable Europe which is unfair because of its inequality is a weak Europe. And this inequality, according to the OECD, "lower social trust in institutions and fuel political and social instability", which has translated into the growth of the protest vote for populist political options.

Regaining public trust necessarily depends on recovering a European guarantee of protection and progress. However, the first staging of the European commitment to the so-called European Pillar of Social Rights was limited to a non-binding institutional declaration on twenty broad generic principles relating to equality of opportunities, social protection and working conditions. Gothenburg's Social Summit in November served as proof of a fundamental idea: the lost support of parts of an impoverished European population will not be regained unless the causes of this social decline are attacked.

On the table at the Commission is the proposal to create a European Social Authority as well as the initiative to include social indicators in the European semester. Every year, Brussels analyses in detail the budgetary, macroeconomic and structural reform plans of each country and then publishes specific recommendations for the following months. This analysis is made based on certain indicators whose choice is politically significant, even if it avoids the most fundamental: that the social Europe is founded, in reality, on different welfare models.

The **Annual Growth Survey** which the Commission published for this 2018 emphasises that unemployment is at 7.5% in the EU and 8.9% in the eurozone – figures that are the lowest for nine and eight years, respectively. But the reality is much more unequal. Unemployment in Greece remains at 20% and in Spain at 16%. Unemployment continues to affect 18.9 million people, investment is still too low and salary growth is weak. Social precariousness is an alarming reality, as Brussels finally recognises.

The Gothenburg Summit also recognised the right to a minimum wage, still non-existent in half a dozen EU countries, and attempted to encourage the idea of a basic income and social housing policies. This is an important step in the right direction. However, if the discourse is European but its materialisation remains national, the social Europe will continue to be an amalgam of disparate realities and measures. And populism will continue to use precariousness as one of its core arguments. It is in the hands of the Commission and the Parliament to politically pressure the member states to make good on these commitments and demand more finance capacity for the social Europe.

### 4. Greater budgetary commitment

The future of the EU's post-Brexit budget is already being discussed. The United Kingdom's departure means a loss of €9bn annually from the Brussels coffers.

The Commission has already warned that the EU budget for 2014–2020, which amounts to a trillion euros, is not enough to fund the EU's growing ambitions. In parallel, the EU is also beginning negotiations on the upcoming financial prospects for a union of twenty-seven. Though the dilemma is, once again, the eternal disjuncture in the budgetary discussions (larger contributions or cuts), the context turns out to be more important than ever in an EU with 27 member states, without British contributions, in post-crisis social exhaustion and with new political emergencies and necessities (the consequences of migration in North Africa and the security debate, etc.). Juncker believes the moment has come to abandon the 1% GDP threshold that determined the contributions of the member states. The Commission president began the year urging European leaders to first establish their political ambitions for the EU in order to later discuss how to finance those goals instead of establishing an upper limit on spending and adjusting priorities to that limit. It is a demand that is not only common sense but one of minimums. In the political debate prior to the Agenda 2000 (the EU budget for the change of millennium) a 1.5% of GDP contribution was proposed. From then until now the EU budget has not stopped shrinking, even after the great expansion of 2004.

In fact, the European budget debate has in recent years been a real exercise in cynicism. The EU has been expanding to new member states with income levels that are increasingly further below the EU average while the members who welcomed them were cutting their contributions to the accounts from which were meant to come the funds to help the modernisation and growth of their new companions on the journey. This non-negotiable limit for many

capitals, which fixes the contributions of each state to the budget at around 1% of their GDP, is incompatible with the political discourse and with the responsibilities later requested from the EU.

The Chatham House report mentioned above reassures that there is genuine support for a union based on solidarity, both among elites and citizens in general. According to their data, 77% of the elites and 50% of citizens think that the richest member states should financially support the poorer member states, while only 12% of the elite and 18% of citizens would disagree. The question is what is really understood by solidarity.

The EU executive is conscious of the work that lies ahead. It is under pressure to increase spending on numerous fronts, including cooperation on defence, border protection and immigration – areas that until now had practically no budget allocated to them – and to guarantee sufficient funding for the cohesion regions that could end up losing out. The cuts predicted already target structural funds and agriculture subsidies, two areas that above all benefit states with lower incomes.

The EU budget must be the main instrument for strengthening European democracy and regaining public trust. The Commission would like to have an advanced agreement before the May 2019 European elections so that the campaign does not interfere in the political debate. At present, political ambitions do not match institutional ones. There can be no EU policies without an EU budget. The tone and evolution of this debate will send a firm political message to the public about the European project's model and the trust and autonomy the member states are prepared to place in it and endow it with.

## A Europe of values

The European Union is a union of rights – an issue of values – which have been legally binding since 2009. But the Europe of values sank in the Mediterranean. In August 2015, Angela Merkel said: "If Europe fails on the question of refugees, if this close link with universal civil rights is broken, then it won't be the Europe we wished for". But the EU has not only broken its link with civil rights, it has also failed to fulfill its own commitments to the **Charter of Fundamental Rights** of the EU: everyone has the right to their physical integrity (article 3); no one can be subjected to inhuman or degrading treatment (article 4); the right to asylum shall be guaranteed with due respect for the rules of the Geneva Convention of 28 July 1951 and the Protocol of 31 January 1967 relating to the status of refugees and in accordance with the Treaty establishing the European Community (article 18); collective expulsions are prohibited (article 19-1) and no one may be removed, expelled or extradited to a state where there is a serious risk of being subjected to the death penalty, torture or other inhuman or degrading treatment or punishment (article 19-2).

The more than 2,200 migrants who died in 2017 attempting to reach European coasts, the inability of the member states to meet the commitments to relocate refugees waiting in Greece and Italy (barely 33,000 refugees of the 160,000 agreed by the Commission have been relocated to date), the agreement with Turkey to facilitate returns and the dramatic humanitarian situation in the camps and settlements that have been made into legal limbos on European soil, all these facts show that the Charter of Fundamental Rights does not protect all equally.

## 5. Responses to immigration

The rhetoric in 2017 was characterised by electoral pressure, minimal legislative advances and the prioritisation of security in the European commitments. Immigration policies focussed on border controls reduced the number of arrivals but were useless when the time came to advance a European asylum system that aligns with the European reality. The rift between east and west due to the poorly named refugee crisis has deepened. The EU continues to fail to comply, deliberately and repeatedly, with its international obligations on asylum and refugees. Asylum is a right. The twenty-seven

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must guarantee safer regular routes towards Europe, such as humanitarian visas, opening up legal routes for the arrival of migrants and advancing on the reform of the Dublin Convention. The European Parliament even proposes a system of compulsory relocation that would be applied generally, independent of migration pressure.

European unity is broken when it comes to immigration. But some decisions could be easily agreed with minimal political will. The twenty-seven should agree on the definition of a safe country, remembering that, according to the Geneva Convention, returning asylum seekers to a third country that does not offer them equal protection is not acceptable, and they should commit to harmonising the conditions of reception and attention for refugees already in EU territory. Chancellor Angela Merkel and the Social Democrat leader, Martin Schulz, agreed in the last German electoral campaign on the need to harmonise the provisions for the refugees at European level. The future EU budget could be the key instrument for facilitating this coordination, **as the European Commission indicated** just before the European Council in December: "There are also areas where EU funding instruments could play a stronger role in the future, for example in supporting local communities receiving a large number of migrants or refugees, thus facilitating integration and addressing social and health issues".

When Jean-Claude Juncker assumed the presidency of the EU executive he assured the European Parliament that his was the "last chance" Commission. It is a decisive moment to untangle the union from the spider's web of crisis that imprisoned it but, above all, a crucial turning point for recover-

ing public trust: 2018 is also the year of Juncker's *last chance*. If his desire is to counter the intergovernmental drift of the EU, recover the social spirit of the European construction and regain the political leadership of the Commission, this is the key year. In 2017 Brexit and the elections in France and Germany filled his political agenda. The appearance on the scene of Emmanuel Macron monopolised the pro-European leadership spotlight. Can the European Union maintain this *momentum*?

It is an election year in Italy with the political uncertainty that involves. In March 2019, the British will definitively leave the EU and the twenty-seven will begin the campaign to renew the European Parliament. With that, the succession debate on the leadership of the European institutions will begin again. Juncker's Commission will have reached its end. Renewal in the posts leading the EU institutions will again be discussed. It will also be the political end for Juncker who, between the Council, Eurogroup and Commission, will have been involved in EU politics for two decades. Before falling into electoral calculations again and into the horse-trading of institutional politics, European leaders must give a real

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chance to plausible reforms that require little more than the political will to carry them out. The final debate must not only be about what Europe we want but for whom. Realism prevails – along with political ambition.