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The Path to a Sovereign Europe

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If the European Union wants to protect its citizens and interests, it needs to focus European action. To this end, the Bertelsmann Foundation Reflection Group develops a new impulse based on the perspective of European public goods.

The European Union was founded more than 70 years ago as a profoundly political project, one designed to transform sovereign relations through economic integration. Over time, the EU has grown to 28 Members, recently to fall to 27.

Customs Union, Internal Market, Schengen, and European Monetary Union (EMU): all have contributed decisively to deeply integrated societies and markets on our continent.

Yet, a number of forces are calling the direction of further travel into question.

From the outset there were lively discussions on whether the EU should evolve towards a federal entity, or whether closer integration should come about rather as a result of intergovernmental cooperation.

Even among the original six Member States, there were different levels of aspirations, such differences becoming more accentuated over time with successive enlargements and the inclusion of more policy areas.

The introduction of majority voting was the decisive step that enabled the epochal single market project to succeed. Treaty changes brought about further integration steps that required legal or constitutional underpinning in primary law, such as Monetary Union.

Expectation-capability gap

While the single market and other policy areas with a strong technocratic component were successfully established following qualified majority voting (QMV) procedure, this has been less salient in more contested areas of politics. As

events of recent years have shown, deciding politically sensitive issues by QMV has proved difficult. EU migration quotas are a case in point. Indeed, with growing numbers of Member States and thus an increasing heterogeneity of preferences, it becomes ever more challenging to achieve unanimity or consensus, particularly on contentious issues.

In relation to such politically contentious issues – the rule of law, migration policy, social policy – questions of national sovereignty within the EU have gained greater traction than in previous decades, making further steps of integration even harder to take, and often calling into question the legitimacy and ability of the EU to govern.

Furthermore, management at the highest political level of the EU has not always been strategic enough in recent years to be able to steer – and at times cajole – Member States into addressing the politically most relevant issues and bringing about the necessary decisions. Taken together, all these impediments have led to an EU that has increasingly struggled to be sovereign and thus able to act in the general interest internally and externally.

To add to internal challenges to decision-making, the external environment has also changed dramatically. Within dynamic megatrends such as globalization, digitalization and climate change, the steady attrition of the rules-based multilateral system, the problems of ecological sustainability, the security risks due to an emerging multipolar military competition – amongst many other factors –the global system has become more unstable than it ever has been since the Second World War. These trends hasten the loosening of the social consensus of open liberal societies and economies, fuelling instead authoritarian, populist and nationalist forces – both within and beyond the EU.

Against this backdrop of an increased volatility of the international system and external challenges, coupled with increasing internal disagreement about how and in which areas it should act, the EU does not seem fit or able to project and protect its interests in line with its weight as the world's largest internal market and political project. European integration needs a new impulse if the EU is to tackle both internal and external challenges in a coherent way.

A common goods approach to European integration

We propose that this impulse is to be found in promoting the concept of "European public goods" to drive our thinking about further integration and giving the EU sovereign authority to act in the general interest.

Common or public goods occur when there are benefits for the wider population that cannot be charged individually; furthermore, where it is not possible to exclude others from participating in the benefits from such policies. Public goods, in short, are goods which the market is unable to provide sufficiently.

Up-scaled to the European level, public goods allow one to identify the level at which political action must be taken. It allows for approaching current EU policy from a different angle than mere status quo and treaty provisions. Instead, it seeks to identify where there is genuine European added value in organizing a policy field at the European level. The concept thus envisages a critical re-reading of EU competences and where they are situated in the Union's institutional structure.

At the same time, the perspective of public goods is sufficiently flexible to account for changes in the provision of a public good. The policies required for providing common defence, for instance, may significantly change in a more volatile international context with significantly less certainty about trans-Atlantic relations and NATO.

Lastly, the lens of "European public goods" allows for questioning the relationship between EU-level governance and governance at the global and national level for every policy field. If the genuine European added value cannot be identified in a policy field, the principle of subsidiarity kicks in. If the public good requires organization at a global level, this can inform EU policy and allow the EU to speak with one voice in international negotiations.

The perspective of public goods thus allows for identifying which issues the EU has to deal with in a unified way, or else risk becoming the laggard of global superpowers.

If it is indeed to be an actor on a global scale, a strong sovereign Europe is required. If not a player one is played with and/or upon by others. If Europe wishes to influence global policies on global problems, it needs to be able to act swiftly and decisively, and as one.

While a useful distinction may be drawn between internal public goods – such as rule of law, Schengen, and the internal market – and external public goods – defence, migration, trade policy – these concepts are at the same time interrelated: If Europe is to provide the external public goods, a successful provision of the internal public goods is often a precondition.

These arguments lead us to the following questions:

- Should the EU strengthen its regulatory and financial focus on European and global public goods?
- Should that be accompanied by a renewed push for examining the appropriate level of government when it comes to regulatory or financial intervention, also known as subsidiarity?

For us the answer is Yes. Hence, several corresponding questions arise:

- Which policy areas in and of the EU do we consider to be most in need of further development given their public good character?
- How can the public good in these policy areas be effectively provided at EU level?
- And, crucially: what are the legal, constitutional and institutional settings and frameworks that are required for the different policy areas?

Different solutions for different European problems

These requirements vary significantly between policy areas and therefore also require different institutional and legal set ups in order to become effective. Constitutional constraints are, for example, completely different for action at the European level on migration issues on the one hand, and military cooperation on the other. In addition, policy approaches and constraints of Member States can vary significantly.

This will lead us to the question of what kind of overall legal, political framework and institutional design we need to be looking at in order to accommodate such a variety of constitutionally challenging policy solutions. Will there be a need for different circles of cooperation among different sets and subsets of Member States, or can an overarching Treaty accommodate such an approach?

If yes, what will these circles look like? If not, what setting ensures that policy outcomes address the public goods character of problems, that there are as few “free riders” as possible, that it is as inclusive as possible, and that it meets constitutional constraints?

The road ahead/our objective

Our aim is thus to

- describe the nature of challenges that transcend the confines of the nation state and, indeed, often those of a continent;
- establish that these then require collective action at least at the European level,
- find ways in which collective action can be taken at EU level (“how to make it work”), with the corresponding institutional set-up,
- explore what form this collective action can take when all 27 may not be ready to commit,
- push forward the discussion about/whether we may need to move forward with differing institutional set ups with varying participation.

Our project thus should clarify how, where and when the public goods character of a number of important policy fields can be handled through alternative institutional solutions, and what legal, constitutional and political constraints (and requirements) are to be met.

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