After the crisis: Some thoughts on a global EU – or how to turn a crisis into regeneration

A panel debate jointly organised by European Policy Centre, Egmont Institute, Friends of Europe and Stiftung Wisseschaft und Politik

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1) Introduction

Good ideas sometimes spring out of crises. The European Union itself was 'invented' from a crisis, conceived in the rubble of the Second World War. It is less frequently recalled that the European integration project took shape at a time of great change and of redefinition of Europe's global role. Between 1946 and the 1960s Europe lost one source of global power and influence – its empires –, independence movements and decolonisation processes put serious strains on European states, the global rise of the United States from 1917 onwards challenged Europe's predominance and the American influence over Europe was made concrete through the Marshall Plan. The 21st century is seen with preoccupation in Europe as the Asian century; but much of the 20th century was not European – it was American.

The alarmism which has surrounded the 'decline and fall of Europe' has confused the trees for the wood. Europe's relative decline is an old story. The crisis might have rendered Europe's difficulties more salient or even accelerated the overall declining trend, but all this does not mean that the EU is bankrupt – as an idea, as a global actor, as a source for renewal.

It is time to see the wood for the trees, use the opportunity for a self-critical and constructive appraisal of the EU's strengths and weaknesses with the aim to present itself to the world as a renewed and unique polity willing and equipped to address the challenges of the 21st century, regardless of its 'power' status. It is about making virtue out of necessity; about turning a dramatic story of crisis into a positive story about regeneration. For that to occur, Europe and Europeans will have to take a close look at their standing in today's rapidly changing world,

adjust and adapt to new global realities and learn to project their still considerable assets in a more attractive manner.

2) Not just another crisis

The world is changing, and so is Europe. Europe will never be what it was – neither will the EU. The crisis is structural and will bring about irreversible change to Europe's organisation of its economies, institutions and welfare systems. Disaffected citizens will continue to demand a political renewal of European institutions and polity even if the populist and extremist movements may subside in coming years. The threat to the European social model by unguarded austerity measures is a key factor harming its credibility.

Globally, given the emergence of economically dynamic nations in Asia, Latin America and Africa, the EU will not be able to recover its past influence and economic might. This requires a rethink, which needs to be based on a sober analysis unravelling the nexus between the more immediate impact of the crisis and the general and long-term decline and on a more candid assessment of the EU's assets.

It is said that the crisis has led to a collapse of solidarity between EU member states, to a re-nationalisation of foreign policy, to a rise in mercantilistic competition for global resources and wealth, and to a secondary role for international affairs compared to the crisis-management mode which has dominated European political attention for the past few years.

3) Continuities with pre-crisis Europe

Perception is important but these claims need to be put into context. There is no evidence of a roll-back of EU cooperation in foreign policy matters. In fact, on the contrary, there are fewer areas in which EU member states do not cooperate, even if divisions and quarrels reach the headlines more often than the instances of cooperation. This does not mean that EU foreign policy is achieving more goals (if any), nor does it mean that the EU is moving towards a more united foreign policy. Foreign policy continues to remain the most divisive and inter-governmental area for EU cooperation. But the fact that a general trend of 'hanging in' together has continued notwithstanding the crisis can be spun positively. The implementation of the foreign policy goals of the Lisbon Treaty, which were neither particularly ambitious nor revolutionary, overall has not been halted by the crisis. It could have been worse.

This is confirmed by a reading of the data. The cuts to foreign and security policy budgets that EU member states have carried out nationally have not been replicated at the EU level. As things stand today, the Multiannual Financial Framework foresees cuts to the EU's next financial package 3.5% overall, but the Heading 'Global Europe' will see a minor increase of over 3% from 56.8 billion euros for 2007-2013 to 58.7 billion euros for 2014-2020.

This too could have been worse. It is far from the increases hoped for by the EU institutions, but it is important if seen in comparison to the cuts that member states are carrying out, where staff, missions abroad, and administrative costs are being slashed in all countries but Germany, and foreign policy and development assistance budget are being cut or trimmed in most countries. Add to these the cuts in national defence budgets and there is a very concrete incentive to work closer together, as evidenced by the decision to put defence cooperation on the agenda of the December 2012 European Council. 'Global Europe' was not entirely a victim of the austerity axe. And European states can make virtue out of necessity and take the opportunity to rationalise their international assets and become stronger through cooperation.

It is said that competition between the member states to access the best commercial deals has increased since the crisis, but on closer inspection this does not represent a significant departure from the past. What is more striking is the growing importance and politicisation of trade. In the context of the failure of the Doha Round of multilateral trade talks, the EU as a whole rather than as national entities, is engaged in a more ambitious and diverse agenda for trade agreements with key partners – including the United States – with the aim of stimulating growth and jobs. Here too, the EU remains the framework to create an equal-level playing field and a regulatory environment within which member states will compete with each other to sell their brands. Like it or not, this is not different from past practices. It could have been worse.

4) The decline of Europe

However one interprets the impact of the crisis, it is time the EU came to terms with certain aspects of Europe's relative decline. What is striking is not so much the trend of decline, which is relative and is not about to plunge Europe into the abyss, but the mismatch between European claims to certain global status and the simultaneous ability to ignore the need to adapt to a changing world. The EU wants to be a global actor, but as the world's centre of gravity is shifting towards the Pacific it seems clueless about its role in Asia – and the feeling is reciprocal. Even if the statistics are not as bad as alarmism would have it, the dent in the perceptions of the EU, within and outside Europe, are a fact of politics.

Two parallel but competing narratives on Europe have long prevailed among many of the EU's foreign partners. This 'tale of two Europes' focuses on the one hand on the EU as a much-admired model of regional integration, reconciliation and cooperation. Asian policymakers and civil society representatives in particular view Europe's recent history of integration as an inspiration for their own efforts to build stronger regional institutions. More recently, a perception is also emerging of Europe as a 'museum', comprised of old and tired powers which prefer to stick to the status quo and are fearful of the new global order.

Both narratives pre-date the crisis but may have been reinforced by it. Interestingly also the two narratives co-exist and fluctuate, depending on developments. Some observers believe that the crisis has reinforced the push for greater EU integration but others see the EU is more weakened. Europe does run the risk of becoming a much less relevant global power, but this is much less because of the crisis and more because of its own failure to internalise, acknowledge and respond to the emergence of other powers.

For all the EU's talks about 'effective multilateralism', it has failed to embrace a more equal representation to accommodate emerging powers. While the Lisbon Treaty has led to limited changes to the EU's international representation (at the UN General Assembly and at the Council of Europe), it is refusing to adapt its own representation in key international organisations such as the International Monetary Fund and the UN Security Council.

These double standards have highlighted the hollowness of some EU claims which confused supporting international principles with European values. Europe's relative decline has kicked it off its pedestal; it is said that it is in no position to lecture the rest of the world about moral values. It is said that the upsurge of geopolitics and the global competition for resources makes it inept for promoting human rights and democracy; that its inability to mobilise to intervene to prevent mass atrocities and war would also make it a secondary actor in global security and norms.

5) Changing the narrative

It is undeniable that there have been mismatches between rhetoric and practice. But since the start of the EU's foreign policy ambitions in the 1990s, it has paradoxically evolved from having much rhetoric and little practice in the early days – 'the [non] hour of Europe' – to having more practice without the rhetoric in the 2010s. The construction site of the EU as a global actor is still open. It should not be buried under the debris of the crisis. Rather, through a self-critical appraisal, the EU should find a new purpose and narrative for Europe's global role, moving beyond past 'normative' or 'civilian' models in the search for a role which matches its real strengths and assets, principles and ambitions.

That the crisis has not produced worse outcomes is not a sufficient ground to renew the EU's global role. There is a powerful argument about size: the politics of scale would oblige the EU and its member states to work together on international affairs. To paraphrase Benjamin Franklin, the EU needs to hang together if it does not want to hang separately. This too is not a very positive argument. The persuasiveness of the EU as the greatest peace experiment of the contemporary world has also lost its lustre.

There are other trends which can be seen in a positive light: the US pivot to Asia means Europe no longer a source of concern. And there are opportunities to be seized: The return of economics and trade politics is a positive development given the EU's trade leverage and market power. What is missing is the driving idea: why should the EU bet on its international role?

6) Where the EU can stand in the 21st century world

Among the global trends identified in forecasting studies, two stand out as areas in which Europeans have a longstanding and insufficiently recognised experience: the rise and empowerment of the middle class and the shift of power from states to informal networks and coalitions. Tie these to the ingredients of Europe's social model, which mixes together democracy, capitalism and welfare. This is the story of Europe in the 20th century: governments and people have adapted to the erosion of state power and have developed advanced institutional structures to deal with such complexity – democratic states, deep intra-state cooperation, the management of networks, and a welfare safety net to protect and empower citizens making Europe the most equal continent in the world. Externally, the EU is projecting such arrangement by pursuing the expansion of regulatory frameworks to manage global goods.

The EU needs to be more humble in its presentation and representation, and more ambitious in its goals. Simplifying its representation in international institutions and being more democratic in allowing for an appropriate representation of other countries would be a starting point. But it needs to do so with the ambitious goal of persuading others that improved global governance and a multilateral, shared and fairer management of global public goods is the only way to deal with the changes that the emerging world will have to face with its own rising middle-classes demanding political change and greater equality of individuals, peoples and states.

Once the EU has overcome the crisis, it will have successfully invented the complex system of managing European interdependence. This can be turned externally too, as an example of how to manage global interdependence thanks to the national, transnational and societal networks which underpin EU societies and policies. The EU has already created a new service to promote a multilevel and flexible diplomacy which relies on mixing diverse fields of action, from global security to helping deal with local man-made disasters, from mediating conflicts to supporting human rights defenders world-wide, from setting norms for intellectual property to helping manage population movement and international mobility.

The EU is partially promoting these approaches outside its own borders, by creating overlapping ‘spaces’ for cooperation, extending the regulatory framework for exchanging goods, and by developing more people-oriented policies to support the growth of healthy societies. Engaging with partners at all levels, with more curiosity towards the world and less introspection, the EU can present itself on the global scene as a cosmopolitan and flexible actor capable of managing change and renewal, of promoting equality and empowering citizens, not only as a model for peace and prosperity.