



'Europe in the World' Roundtable

Summary of Discussions

An E3G Thinking Event

11 May 2006 at the offices of Iddri, Paris

About the event

The 'Europe in The World' roundtable was convened by E3G in association with Iddri (Institut du développement durable et des relations internationales) and the support of the Italian Ministry for Environment and Territory. The aim of the event was to undertake some critical shared thinking on whether Europe can become a pathfinder for the global transition to sustainable development. A particular focus of discussion was the nature of the economic challenge facing Europe over the coming decades.

The roundtable formed part of a series of events being undertaken by E3G to contribute to the development of a political pamphlet that will offer a new, outward-looking prospect for the European project, through which the EU can live up to its potential and shape the future of our globalised world.

This discussion took place under the Chatham House Rule¹. This summary is not a minute of the meeting but instead offers a flavour of the discussions.

Overview

The discussions at the roundtable revealed a shared sense that:

- Europe is suffering from its lack of confidence in its ability to respond to the challenge of globalisation. Pessimism in the current situation is being accompanied by an increase in scepticism about the ability of the European project to make a difference. The EU itself is sometimes viewed as a globalising force rather than a defence against external threats.
- Europe has around 30 years to shape future global conditions from a position of strength. Europe will need to undertake serious investment to do this – requiring in turn political attention and citizen engagement. Yet the timescale also precludes long-term responses to the crisis in politics. Citizen education initiatives or the construction of pan-European parties will be unable to have enough impact within

¹ Chatham House London - When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.



the time available. New platforms for delivering political choices to citizens are required.

- The role of the private sector is far from clear. It has the potential to be an asset in the European response to globalisation, but its role as a political actor is viewed with suspicion. The lack of business responsibility for the wider impact of its actions is often viewed as a threat to European social cohesion.

Session 1: “Europe’s new vocation – Europe as a pathfinder for the global transition to sustainable development”

The provocation: “The European idea is a powerful weapon of mass construction – we just have to learn how to use it”.

Globalisation is a transforming force. The rate of increase in interconnectedness and mutual interdependence is unprecedented. The case of climate change is a dramatic example of this. In order to deal with this and other problems, a new kind of politics is required – it must bear both legitimacy and competence.

The context of globalisation means that ‘sovereignty’ is now shared whether we like it or not. The world needs models of how to make this work. This is very difficult to do when citizens’ identities are being directly challenged– as is happening through both globalisation and the responses to it.

Yet, the European Union is the world’s most advanced experiment in sharing sovereignty while maintaining diversity. It could be a standard bearer for responses to globalisation, but it is evident that the European project has lost momentum. As the older generations with direct experience of war are leaving the scene, so are the direct memories of what the European project was for. We have built institutions to secure our interdependence, but this alone is not enough. We now need to be able to tackle the negative impacts that stem from abroad rather than simply within the EU. Yet the political forces of the present seem to be lining up in the opposite direction – economic nationalism takes us away from where we should be aiming (and indeed away from the very founding aims of the EU itself).

We need to move our focus from internal to external. We need a politics that is not driven by anxiety but by confidence. We cannot afford to be reactive, but must be proactive in how we shape the future in the ways we desire. This requires European leadership. It is desired both within the EU and externally. Europe’s soft power style is appreciated. It acts as a basis to bring others into a European coalition.

This is not an impossible challenge, but it is difficult for our current crop of politicians. We need to be able to set out some emblematic choices that would point the way forward. Some of these choices will be for individual member states. The UK will have to consider its relation with the USA. Germany will need to think about whether its energy relationship with Russia is really positive for Europe. France will need to consider its attachment to the Common Agricultural Policy.

The key question for Europe as a whole is what do we do with our money? Where are we investing? The EU budget is a sign as to whether we are serious. Why are we still spending it on solving yesterday's problems of food security, when we have a range of problems to deal with today and into the future? Europe should be investing in climate security and energy security and in its foreign policy relationships with emerging powers.

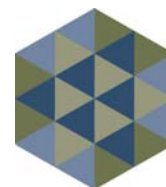
Key points raised:

- EU enlargement can be seen as the European response to globalisation, providing a way to create a critical mass to balance others. But it was not designed to meet the needs of the Old Europe. Indeed, it happened too fast to allow complete integration and acceptance but at the same time came about too slowly to meet the emerging issues accompanying globalisation.
- Europe needs to consider building interlocking rings of interdependence with its various neighbouring regions.
- Before building an outward-looking Europe there is a clear need to create a European public sphere and to be able to talk about a European public opinion. Citizens also need to be informed as to how the institutional system works.
- More than creating the European public sphere, what matters is to create a way of presenting European citizens with political choices. Indeed, European voters are aligned, ahead of the elites' debates. They agree on the priority issues to tackle – on the content rather than the processes.
- European politics is still pretty much dominated by bilateral relations so there is lack of space where choices can be discussed by all. If you were to have strategic influence about what is happening in Europe within the next two years then who would you go and talk to: MEPs, NGOs/Civil society, Unions?
- What do we learn from the fact that Europe is viewed in better terms than the EU from the outside? The distinction between Europe and the EU as a global actor is not necessarily relevant.
- The knowledge we get from polls is always limited and not always reliable; it depends on the way in which the questions are framed. There is hope that the European

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Commission may agree to fund a pan-European deliberative poll, a method that would give perhaps more reliable results.

- The world is changing and so is politics at the national level, with new priorities emerging in political debate as a result. Why is this not the case in the EU where the same old debates seem to be happening over and over again and no clear priority is given to current issues?
- The capacity of the EU to act as a soft and facilitative power surely exists but at the moment it may be impeded by the trend towards economic and political nationalism across Europe.
- European member states will have to move away from their nationalistic temptations because this corresponds to the model of myth-based (vs. reality-based) politics. This is what the US is doing and what Europe has already unsuccessfully tried in the twentieth century. We know from experience that this path leads us in the wrong direction.
- There is a significant lack of honesty in politics at the national level about what the European project is about. National politicians are willing to share 'sovereignty' to gain the benefits of acting together, but are then unwilling to make this case to their home constituencies. This has been the case in both the UK and France where 'the protection of sovereignty' is a regular occurrence in political rhetoric.
- This means that there isn't the necessary political or public space to discuss these issues more honestly. Space needs to be developed both at the elite political level and lower down in civil society.
- In order for Europe to have the ability to make the choices it wants to be making in 20 years time, it needs to make choices now to shape that same future context. This requires social engagement rather than just deciding on different policy angles.
- In order to get where it wants to be – a pathfinder in the global transition towards sustainable development – Europe will have to challenge its own identity if it wants to lead by example as it is not doing so now.
- The majority of people are clueless about the implications likely to result from the continued unfolding of globalisation.
- The issue of the sharing of sovereignty is linked to the disconnection with the European 'public sphere'. Member states have been willing to share it, and have had a mandate to do so, but the citizens themselves have never been expressly asked. That means that their 'permission' to do so has been given only at second hand. The diversity of Europe can be looked at as a means to keep citizens quiet during this process, but it means that we lack the European values that would be needed to create a truly European public sphere.



- Europe is more aligned than many people think if you look at it from the outside.
- We need to make people feel that they have a capacity of action. This needs to be reconstructed as a key part of the European offer to citizens. Social aspects still remain a priority in Europe due to the “failure of modern life” i.e. we have not succeeded in eradicating poverty and inequalities within Europe. Many people’s personal security is still as poor as forty years ago. In this context how do you get people to see that they have choices?
- There is still a social divide in Europe and in many areas it is growing. Can we really not imagine a situation in Europe as occurred in New Orleans after Hurricane Katrina?
- There is a basic problem with the concept of sovereignty coming from the fact that the private sector’s existence impedes it in the first place. Power is driven from economics rather than politics.
- We need a bottom-up approach to change rather than top-down, coming from European people rather than from the existing institutions.
- Regarding people’s capacity of action, citizens have to use their second power, which is their purchasing power, to show what it is they want. This is a better way of re-empowering people than the EU Commission Plan D for democracy (or dictatorship?). As this could be read as saying ‘the only problem in Europe is the European citizens.’
- The social and environmental conditions for growth require investment. These obligations are nowadays removed from private companies.

Session 2: “Redefining Competitiveness – a vision for Europe’s economy in a sustainable world”

The provocation: “Why are we so gloomy? – Europe is the region best placed to adapt to changed conditions”

Prosperity has always been the foundation of political stability. Europe has many misplaced fears about its ability to maintain its prosperity, and this is resulting in a politically debilitating lack of confidence. However, without this confidence Europe will be unable to play the leadership role necessary to secure the global conditions for its future prosperity and security.

Europe does face economic challenges: high levels of long term unemployment in some countries; greater global economic competition and faster change; an aging and stabilising



population; and tightening environmental and resource constraints. Of these unemployment receives the most publicity, but is probably the easiest to address.

All other major countries face similar structural stresses, even the US and China will have rapidly aging populations in the next 15 years. But the stabilisation of global population at 8-10 billion is a positive development, as environmental limits have already been breached with only 6 billion people and high levels of global poverty. Europe benefits by being one of the first to stabilise its population, as its ability to trade and invest with fast growing economies increases incomes and eases the pension burden.

The decisions facing Europe about how much to invest in higher education or research and development are easy compared to the political tasks facing other regions. The USA needs to work out how to support its growing underclass and reform a health system that is twice as expensive as Europe's but has worse performance. China and India need to manage the stresses of growth and build social security systems from scratch. We should have more confidence in our ability to show leadership.

In this world the core founding insight of the EU becomes globally relevant: while companies may compete, countries are interdependent. Europe's history shows how crude economic nationalism leads to conflict, and Europe is ill fitted to prosper in a world of competing "great powers". Europe will have to act as a pathfinder for achieving cooperative global sustainable development. Europe has the economic weight to shape global conditions over the next two decades; if it chooses to take a lead.

Europe should be more confident in its record of providing prosperity and stability, and its strong assets for delivering them into the future. The single market is deepening and driving up efficiency, supported by EU regulations which have become the global standard in emerging economies. Europe's growing network of major cities is the main source of new jobs and wealth creation, and leads the world in global economic integration. Europe is a pioneer in innovative approaches to the "public purpose" economy; such as the European Emissions Trading system. Europe leads all major economic powers in generating political support for investment in the public goods which underpin the economy: in healthcare; in pensions; in social security; in education; in tackling climate change and preventing poverty and instability outside the EU.

Europe also outperforms other countries in ensuring economic growth actually leads to increased well-being, equity and social mobility. In contrast, the US and most emerging economies are struggling to generate necessary investment in social security, healthcare, pensions and modern, efficient infrastructure.

But the process of European economic reform has failed to construct an offer based on these European assets and values, and so lacks public support. Too often reform is presented as if Europe needs to become a pale imitation of the US or China. A credible offer which could build public confidence would: as total GDP growth slows redefine economic success in terms of well-being; reconstruct the social bargain around strong positive incentives for women, older workers, young people and immigrants to work; and use the Lisbon agenda to drive radical increases in resource efficiency across Europe.

A new approach must also resolve the growing intergenerational tensions inside Europe. Younger people shoulder the fiscal burden of an aging society, but have less economic security and face high environmental and energy costs. The new politics of Europe needs to generate intergenerational cooperation to share fairly the cost of higher public investment in pensions, healthcare, resource efficient infrastructure and in tackling climate change.

Europe cannot secure its prosperity just by focusing internally, but must help create the global conditions for prosperity and stability. At the heart of this must lie a more strategic EU approach to building global economic rules, and one which is not subordinated to short term trade negotiations. Economic interdependence also means that the EU must help create the conditions for others to manage common challenges. Global economic and political disruption has increasingly large impacts on the EU; as recent energy shocks have shown. Europe cannot isolate itself from these effects, but must work with others to tackle problems at source. Helping resolve US fiscal imbalances, Chinese energy security and global climate change are necessary steps to underpin the economic growth needed to manage Europe's aging population.

The full introductory paper 'Europe in the World: Elements of a New Economic Narrative' provides a more detailed starting point for ongoing discussions.

Key points raised:

- Considering the weakness of the EU vision there are doubts about its ability to sell it. Moreover, are we sure that our assets are suited to the new circumstances created by globalisation?
- Sustainable development can be an accelerator of progress and increased competitiveness. Something more must be said in relation to new governance issues.
- The next constitution should include new indicators for a flourishing society.
- There is a very weak understanding as to what actually makes up GDP. We need to be able to focus better on European added value – compare the situation in Sweden



with that of the USA in this regard. Perhaps calculating wealth creation by capita might be a way forward in the short term.

- The focus on competition between nations at present is leading to a negative view of the future prospects for Europe and its citizens.
- Could companies in the private sector be considered as something more than mere economic actors? They could be considered as part of the institutional system, as ambassadors for a European model. Is there a pattern of a European company?
- Responsibilities of companies as a private actor are consistency and transparency. They need to be more engaged on the social aspects.
- You can introduce regulations for companies but what you cannot regulate is innovation which is essential. The private sector has to be engaged as a real actor.

Overall Conclusion

- Previous discussions in Brussels have been rooted in current debates about European institutions, and the roundtable in Berlin was heavily focussed on the practical implications of seeing Europe from a wider perspective.
- The Paris roundtable in turn showed strong conceptual engagement with the ideas put forward, and underlined the current French concern with how Europe can respond to globalisation.

Next steps

- E3G will be undertaking further thinking events in Budapest, Rome, London and Brussels over the coming months. These will contribute to the refinement of the narratives discussed at the Paris roundtable, and will serve as inputs into the planned political pamphlet currently under development.
- E3G hopes to return to Paris in the autumn to test further some of the possible emblematic political choices and means of delivery that are emerging from the ongoing series of meetings.

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