

European Parliament 2024- 2029

A Constitutional Legislature

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The World, and Europe, at a Dangerous Cross-Road

The economic outlook is gloomy: the world economy has slowed down, the European economy is in stagnation, forecasts are revised downwards and there are downside risks. The reasons are structural. We have entered the **global geopolitical crisis**.

The **issues at the heart of the crisis**: Are we at the end of the Western global hegemony? And if so, what will come next? or can we instead relaunch the liberal international order? Most would agree that we are **at the end of an era**, but **the world is polarized** on the vision of what should and could come next. **Two main streams of opinion**:

- **The realists**. On the one hand, there are those who believe that the West is unchallengeable due to its military, economic and financial might, and by being more assertive it can defend its interests facing up to the growing hostility of the rest of the world
- **The anti-imperialists**. On the other, there are growing numbers of countries and governments that join ranks with the only goal of taking down western hegemony and destroying the present international order. They see the West as arrogant, unilateralist, hypocritical (double standards), unethical, imperialist, etc. They do not have much in common in terms of interests, economic and political systems, long-term objectives, but they feel having a common enemy, which represents a powerful bond, and trust they can gain from instability and turmoil

The Unresigned Liberals against Realists and Antimperialists: Believing in the «European Moment»

- The weak points of the **realists** are: **Complacency** (hard power makes one win battles, not long-term wars, particularly when nuclear deterrents are prevailing); **Proneness to war** (wars, the war economy, and political systems compatible with war are seen as a «normal state of affairs»). The Thucydides trap.
- The weak points of the **antimperialists** are: **Irresponsibility** and lack of vision of the future; **Opportunism** and short-termism; **Dispotism**, authoritarianism, entrenchment in power and populism
- The policy prescriptions of the two poles converge in the self-fulfilling prophecy of an **anarchic international order** with «perpetual war» and the survival of the strongest. Fragmentation is a drag on growth, security and development (see IMF).
- We need a **third stream of opinion: the indomitable liberals**. There is no alternative to **revitalizing the international liberal order** by re-establishing its credibility, keeping faith in its universal values and undertaking the necessary reforms of multilateralism and global governance. I believe Europe has the (economic, political, emotional, etc.) resources to respond to this crisis, provided it realizes it is an existential crisis, and it will have sufficient political leadership. If it rises up to the challenge, this could be a «**European moment**», the beginning of a «**pax europea**».

Europe Facing an Existential Threat and an Unprecedented Opportunity

- Paraphrasing what Draghi said at the FT Forum (October 2023), we must acknowledge that if the EU does not win the war against Russia, if it proves unable to provide security and defence to its citizens, if does not respond effectively to the crises (migrations, terrorism, climate change, unemployment, and now the geo-political crisis), **the «EU will not survive**, except as a common market».
- The EU responded well to the pandemic crisis, and will have to respond now to a bigger and wider crisis: the **global geopolitical crisis**. The latter crisis has already determined an aggression to a European country and a war in the Mediterranean, both areas in the neighborhood of the EU.
- There has been so far a remarkable show of unity in support of Ukraine, Nato, and the Transatlantic alliance, but now in view of the uncertain outcome of the war in Ukraine and in relation to the terrorist attack against Israel and the war in Gaza, there are signs of **«fatigue»** and **divisions** that must not grow bigger with time passing.
- The **next Legislature of the European Parliament (EP) will be decisive** to show that the EU has the political will and the institutional capacity to face up to the present crisis. The stakes are -as Draghi said- existential. That is why it will be a **«Constitutional Legislature»**.
- Rather than Thucydides, the reference points should be Virgil and Horace. They highlighted the foundations of the *pax romana*, i.e. **universal values and soft power**: «Graecia capta ferum victorem cepit» (Horace), i.e. «it was Greece that finally conquered its uncivilized winner, Rome».

What Does it Take for the EU to Respond to the Crisis and Become a Decisive Global Player

- The EU must build credibility and exercise leadership: 1. support Ukraine; 2. act incisively in the Mediterranean and in Africa; 3. deliver the **enlargement** and the accompanying measures of institutional reform; 4. establish an effective **single Foreign Policy**; 5. operationalize a solid **centralized defence policy**. (eg. does the EU have a Plan B in case Trump wins the next US elections?)
- Bridge the **competitiveness gap** and promote sustainable growth. Economic policy cannot ride on a one wheel byke (monetary policy). We need a **common fiscal policy** (ie fiscal rules and a federal Budget) to avoid fiscal dominance and finance the production of European public goods (infrastructure, technology, etc.). Agreeing to this should be easier now because there is no question of moral hazard and transfer union. The agreement on MFA+, ie **joint indebtedness to finance Ukraine**, looks promising. It should be extended to finance defence and Africa
- Reform the **European economic model**. This model has been made obsolete by the war, but also by inconsistencies and delays in economic and financial integration. Reforms are required to **enlarge and deepen the EU**
- Make the governance of the Union **more democratic and more effective** by adopting **majority voting** in all areas where decisions must be taken at the EU level (including the enlargement, defense and foreign policy). Democracy requires the application of the majority principle.

European Sovereignty: Towards a New Economic Model for Europe

- The **old model** was based on: cheap energy from Russia, defence provided by the US, exports to China, industry overdependent on GVC
- The **new model** must instead: redesign GVC based on friend-shoring and de-risking, focus on services and domestic demand (not only exports), finance (bridging the financing and protection gaps) and industrial policies (research, technology, innovation, WTO compliant).
- A **leap forward is required in economic and financial integration**: - complete the Banking Union and the Capital Markets Union (Insurance Union, Pension Funds Union, etc. – see C. Lagarde on the «Kantian approach to CMU»), - European education, - public-private investment in University and research (liberalization), - European Citizenship (Schengen), etc.
- The New European Economic model should be geared towards **European sovereignty**

Implications for the Next European Parliament

- The Next Legislature should pave the way for a **Constitutional process leading to European sovereignty**. The main deliverables of this process should be the Fiscal Union, the Foreign Policy Union and the Defence Union. The main tool must be the **introduction of majority voting at the Council**, across all sectors, particularly those mentioned above. This might require **reinforced cooperations**, exemptions or exit clauses (concentric circles)
- The next Parliament should be **more pro-European**. It will have to decide the transfer of prerogatives from the national to the EU level. Euro-sceptic forces will not be able to provide convincing arguments of how and why a less united Europe can cope with the geopolitical crisis and respond to the demand for security of the EU citizens. Need to **fight populism**.
- The next EP should promote **moderation, pragmatism, convergence towards the center** of the political spectrum (third ways). This is a precondition for success when dealing with complex and controversial policy issues, such as **migrations, industrial policies, environmental policy**, competition, etc.
- The next EP should promote EU as a global player, based on **Atlanticism, rules-based multilateralism, supranationalism (credible enforcement mechanisms), soft power and support for Ukraine**
- We should avoid ending up with **American-style polarizations** («affective» polarizations) at the EP

The Election Campaign: for ELEC an Opportunity not to be Missed, an Ethical Commitment

- The **proportional representation mechanism** used in EP elections means that each national party will campaign by itself in competition with all the others. Each party therefore will have **no incentive to disclose ex-ante** which political alliance or group it will join. This might have two undesirable effects: 1. it might **divert interest from European to national issues and alliances**; and 2. it might **leave the electorate in the dark** on future political choices and balances. Parties should be encouraged to study in depth the dossiers and be transparent on how they will engage (vote) at the EP. This is the **best antidote against populism**.
- Information on the **quality of individual candidates** should be made available (circulation of cv)
- **Business groups and associations, and NGOs** should be involved not only in terms of lobbying, but also for providing views and **support for European integration** (role of both independent and politically-oriented think-tanks). There should be a coalition of the willing mobilizing to **campaign for Europe**.
- **ELEC** in such a campaign should play a **leadership role**. Among other things, it could submit a **Questionnaire to the main political groups** and stimulate them to familiarize with, and express their views on, the critical issues of European integration.