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“There are many ways that can “take us to Rome””

Panel: Will Europe deliver on its ambitions?

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Does Europe have instruments to deliver?

The European integration, throughout its more than 60-year long history has often tested its capacity to deliver. It was launched as a process without a certainty of its finalité politique. It has been moving forward step-by-step, facing new challenges and responding to them often through a painful political process of compromise building, based on the lowest common denominator. There were nevertheless moments when forward-looking, strategic decisions were taken on the basis of vision and with a road map to move forward. I think here first of all of establishing the Single Market, introducing common currency or a borderless Union. For some steps forward, a combination of the EU competence and coordination of national policies proved necessary.

The Covid-19 induced crisis demonstrated the EU's existing capacity to mobilize reaction to the emerging risks and threats through full exploitation of existing flexibilities in the existing laws and resources. Steps were also undertaken quickly going beyond the survival challenge. Suspending or even eliminating taboo-based restrictions and taking decisions for a new future on the basis of thoughtful financial and governance related solutions offered the EU new instruments to deliver what is needed. Institutional and policy related tools that were previously lacking were created. Even though, at this stage these tools are seen as temporary, they are, in my view, putting the Union system of economic governance on a new path, provided they pass the feasibility and efficiency test.

The Next Generation EU (NGEU) mechanism, which added a new element to the economic and financial governance, was threatened by a potential veto constantly hanging above our heads. This is particularly relevant considering the unanimity culture, which is fueled by national interest, produced unnecessary delays and irrational disputes. Delivery of the required actions for survival and recovery for the entire EU was put under risk by politicians on the periphery, producing troubles in the name of their own partisan interests, undermining in the moment of crisis the European unity and needs. Major threats to Europe's capacity to deliver came from populists who once in power disregarded the rules and showed their anti-European face. Eventually, the threats to the efficiency and effectiveness of the delivery came from the threats to democracy, the weakness of democratic institutions and the

necessary reliance on unanimity and coordination of national policies. This strand of European policymaking, which relies on the power left to national leaders who come and go in line with national election cycles, and whose mind is set on short-term national interest, blame games and populist instincts, could not and did not pass the test of effective policy making in times of distress. Once more in the history of European integration, we could see the threat to achieving a common European good.

National recovery plans, to become a source of European recovery and resilience, required strong conditionality, including regarding the rule of law, sustainability, which is ensured by the way programs were approved and financed, as well as, a commitment to a non-reversal clause, and involvement of local authorities and stakeholders. The fact that only governments of two member states failed to deliver on this is a good news. It could have been worse.

We often observe that crises hit in areas where there are no European competences and when the only way to go is through unanimity based decisions and coordination of national policies and resources. That makes European policies reactive and harmfully delayed.

Unfortunately, in recent years, in several areas of the European integration, the negative consequences of the reforms that remain unfinished due to the blockage in the Council have become apparent. This is particularly visible with regard to the way the economic governance works, the unfinished Banking Union, the limited cross-border activity of the banking sector or the lack of dynamism in moving forward on the Capital Markets Union (CMU). The Green transition is another area where common public good does not produce sustained unity. Last but not least, while trade is an EU competence, there are trade agreements concluded and not ratified by Member States.

COVID situations have put a question mark on the paradigm of looking at one single best way to do European policies. If we accept that there are many ways that can “take us to Rome”, the importance of agreeing on common European goals and on the direction to move forward will grow. For this, the need to respect European values, agreed rules and conditionality is indispensable. Only then, we can take into account, in a credible way, the diversity of situations and different resources. The recent threat of veto to the NGEU by two member states (using for that purpose the regulation on own resources), proves that national interests can dismantle our common journey towards policies that aim to deliver necessary reforms and investments. It is, indeed, frustrating that the background for this anti-European action was the demand of the right to not respect the European law, the strongest possible communitarian glue.

What I think is a crucial precondition for delivering what EU needs to improve the quality of our life and become more resilient to external world, under the two-track approach to decision making, the communitarian one and the one requiring coordination of national policies and resources, is the preceding commitment to common European good. When this is impossible, those member states that are not interested should not be allowed to block what matters to others.

I would like to go back to my previous comment that COVID induced crisis left a message that we have to be more cautious when assuming that there is a single best way to address the challenges we face. When the Union had been building the core of the Single Market, the one-size-fits all culture delivered huge added value, was the only way forward. Today solutions can be differentiated in more subtle ways and certain diversity in our path of change depending on the underlying factors does not have to mean a threat to the European integration. All European and national policy instruments and resources have to be harnessed to achieve common goals with a very strong legal protection of the European foundations. An example here is the regulation on the rule of law in the budgetary context.

What is fundamental in this context is understanding that the European policy is not a simple sum of national policies. The NGEU machinery and its strong link with economic governance system offers a chance to have a well-managed coordination of those policies, resulting reforms and investment. Its implementation is not yet tested in practice though. We need to pass this test with every member state doing whatever it takes to contribute to the European commitment to win global competition, to make geo-strategy and globalization work for citizens. The Recovery and Resilience Facility (RRF) will add to the European economic governance national commitment formal discipline and strong conditionality for programs and payments, linking investment and reforms.

There are though many open questions on our plate. Will the recovery be digital and green? Will people support such fundamental changes? Will combining the RRF with European semester into a hub for reforms and investment deliver effective coordination? Will democratization and decentralization of the policymaking through the National Recovery Plans give a boost to their implementation? Will the discipline reflected in milestone system and conditionality of payments ensure the respect of rule of law? A lot has been done to ensure effective and efficient public investment. We need private investment to engage intensely. For this, we need to look at how conducive the whole ecosystem is. There are still many uncertainties about inflation, supply chains, global technology race, global geostrategic dynamics, risks to multilateralism. Our long-term growth depends on the global political, institutional and economic environment. Building coalition with like-minded partners is fundamental. The good news is that with our transatlantic partner we managed to rebuild trust, find solutions to numerous trade irritants and identify ways and means to work together on the future.

Behind this conundrum - of whether Europe can deliver, I see the question about the role of citizens. We not only need political unity among member states. We need appetite for more Europe coming from citizens, from their feeling of belonging. The sense of belonging can be rebuilt through dialogue. I am an active participant and listener of what people say in the Conference on the Future of Europe (CoFoE). The conference has clearly upgraded the voice of citizens. This large public dialogue shows already now that giving in to national caprices and frivolous demands is blocking our progress in what is crucial for our security and life quality. Citizens' panels, ideas on the Platform of the CoFoE provide evidence that citizens do not follow the national interests based approach of national leaders. They think more often in terms of their local experience and pan-European framework for solutions.

There is a clear expectation of an ever-closer Europe. There are expectations that unanimity principle must go. Citizens seem to have better understanding that for the sake of European common good sometimes you are outvoted as a member of the European community. I have the impression that Citizens see the importance of this moment where the biggest ever dialogue in European history takes place. I am not sure politicians see it as well

As Europe has always been about change, we are from time to time at crossroads when fit for the future smart major decisions and actions are indispensable. Sometimes in the past due to diverging views, it took us too much time to agree on a common path. Over the last two years of pandemic, we have heard two narratives about Europe. From the one hand, the narrative, which would not give us any future, is of those who want to go back to some imaginary past with closed national borders, xenophobic, nationalistic, and suspicious of moving toward ever-closer Europe and of opening to interaction with the diversity in the world. From the other hand, the other narrative is about a forward-looking Europe, open to cooperation based on multilateral rules, looking for solution to our survival as planet, not polluted by disinformation that cares about citizens, ready to reform, also to a new treaty if needed.

It is true that in the CoFoE you cannot find in debates or on the Platform any nostalgia for the first Europe. This makes me hopeful but whether a common vision of Europe will emerge from the Conference, it is still too early to say. Some national politicians can still trump the citizens ambitions. This unprecedented dialogue can still end up with a cacophony. We must not allow for this.