



European  
Commission

#TT27

European **Political  
Strategy** Centre

# LEADERSHIP ACADEMY

**19-22 FEBRUARY 2019**

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Rue de la Loi 200, Brussels

**ROAD TO SIBIU  
CONTRIBUTION BY THE  
#TT27 LEADERSHIP ACADEMY  
CONVENED BY THE EPSC**  
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## Foreword

The leadership academy ('#TT27'), is a flagship programme of the European Political Strategy Centre (EPSC), the in-house think tank of the European Commission. It seeks to build up a dynamic network of young think tankers, researchers, community leaders and other change-makers. The second session of the #TT27 met for a four-day 'Leadership Academy' workshop in Brussels from 19 to 22 February 2019. The first #TT27 round took place from 9 to 12 October 2018.

During each session, the EPSC brings together one think tank representative per Member State to reflect, as a group, on a list of the most pressing issues and challenges for the EU, as well as on some suggestions and proposed solutions. Their input is part of the ongoing reflections on the Road to Sibiu, with an aim to provide ideas for the future priorities for the EU which will be discussed by European leaders at the Sibiu Summit in May 2019.

The #TT27 programme included debates with senior officials of the EU institutions on current policy issues, interactive exchanges with inspiring speakers, offering unique perspectives on the future of Europe, and work on a final project, the output of which is presented in this document.

To this end, the participants of the second leadership academy<sup>1</sup> were divided into four groups reflecting geographical diversity, expertise and gender. The resulting texts reflect a particular perspective of a group of young leaders at a specific moment and do not necessarily represent the views of their organisations, nor of the European Commission or the EPSC.

### This contribution consists of:

1. The identification of at least 4 priorities for the agenda for the future of the EU.
2. Four case studies looking at a policy field from a strategic viewpoint, how it is expected to develop in the future, why a European response is needed and how it can be designed.
3. Insights and ideas on how the selected issues reflect the Commission's intention of building up Europe's capacity to act in a fast-changing world ('European Sovereignty'), all the while responding to the top concerns of European citizens.

Following the first discussion in groups on the key trends that will affect the EU in the next 5 to 10 years, the following subjects were identified:

*Democratic decline/rule of law, technological leadership (R&D and commercialisation), taxation, enhancing the EU's foreign policy, building Europe's defence capabilities, innovation, global warming, safe environment, cohesion and Interconnectedness*

Amongst them, 4 cases study were developed looking at a policy field from a strategic viewpoint; how it is expected to develop in the future; why a European response is needed and how it can be designed.

- **Innovation and high tech**
- **Enhancing EU Foreign Policy Capacities**
- **The challenge of democratic decline**
- **Cohesion - 'No one left behind'**

Finally, it is important to note that the #TT27 members did not have the ambition to be comprehensive or to attempt to capture every trend that the world will witness by 2025. Instead, the groups focused on those trends discussed during the sessions of the academy programme.

This common project is part of the EPSC's contribution submitted to the President of the European Commission in preparation for the EU Leaders' Summit in Sibiu, Romania, next May, which will mark the relaunch of the EU as a Union of 27 members.

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1. The contribution of the first TT27 Leadership academy can be found here : [https://ec.europa.eu/epsc/sites/epsc/files/tt27\\_leadership\\_academy\\_2018\\_-\\_report.pdf](https://ec.europa.eu/epsc/sites/epsc/files/tt27_leadership_academy_2018_-_report.pdf)

#### DISCLAIMER:

The conclusions of each working group were presented on 22 February 2019 to Ann Mettler, Head of the EPSC. The contributions do not reflect the views of the EPSC, nor of the organisations of which the participants are members.



## Group 1 - Innovation and High Tech

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### Priority for the EU: Getting the EU up to speed - How to make Europe a global leader in high tech innovation

#### Part I: Why is this priority relevant for Europe?

Emerging technologies are reshaping societies, economies and geopolitical landscapes across the globe. Especially advances in 5G networks, blockchain, artificial intelligence and quantum technology are likely to have a profound impact in the future.

Thus, innovations in these fields will be critical to tackle structural economic changes, global warming and geopolitical challenges. At the same time, falling behind in using innovation in these areas risks limiting **EU strategic autonomy** – that is, its ability to act and respond on the global level. Though still fragmented, the Single Market is Europe's greatest asset and launching pad for innovation and high tech.

In the present multipolar world, the EU is well positioned to lead global efforts in this field. But for it to break new ground and set standards in the global economy, the EU should start considering itself as not only a traditional trading bloc, but also as an innovation bloc. In practice, this means expanding joint efforts to produce leading innovations and defining common methods to safeguard them against intrusive outsiders – in conjunction with a value-driven approach.

#### Europe's potential lag to global competitors

The United States is a leader in high tech innovation. Historical factors such as intelligence needs (communications monitoring, decryption and encryption, military innovation, big data analysis) of the US during the Cold War narrowed the gap between the private sector and intelligence community, which shaped the current model of a private sector based on advanced technology and strong R&D. China, meanwhile, has leveraged its economic scale and successfully deployed an extensive industrial policy to get ahead in the race for high tech. It is increasingly trying to set standards outside of its own borders.

#### Looking forward

The current high-tech landscape does not play in Europe's favour. Both the US and Chinese governments hold strong controls over the internet traffic and they are global leaders in hardware production. European law has an impact on innovation if too regulative. There is also a matter of weak EU protection, allowing the US and Chinese to gain market shares in Europe, to collect data and purchase European innovation. US and China are better in entrepreneurial espionage.

Putting innovation and high tech as a priority concern for the next European Commission mandate would bring positive synergies in several areas:

- **Economics:** The world's economic centre of gravity is shifting to Asia and new technology risks creating massive job loss. For the EU to maintain its position in the global economy, innovation is the EU's only way to keep up. More opportunities in the labour market can be created by fostering growth in innovation and high tech, which, in turn, will allow Europe to become a global competitor. Innovation has potentially broad application in economic sectors, in terms of services, industry and public administration. It can both enhance processes and increase cost effectiveness.
- **Climate / Environment:** New technologies across sectors (e.g. transport, communications, manufacturing, energy, services) have the potential to address the pressing concern of global warming for the European Union. Accounting for environmental considerations, the fourth industrial revolution or digitalisation would provide further opportunity.



- **Security and Defence (Geopolitics):** While the EU is an economic power, it still lags in the area of security and defence compared to global powers. Cyber-defence is a high priority for major powers. Large investments have been made in the United States, China, Israel and to a lesser extent, France. In Europe, developing our technological capabilities is paramount if we want to preserve our independence from third parties. Emerging technologies are creating new arenas for competition in global politics, not least between the United States and China.

## Risks and implications

Despite the many benefits, disruptive technological development can also prompt some concern. Inconsistent growth can lead to increasing economic inequalities, including social alienation. Additionally, automation creates structural changes in the labour market, which may disproportionately affect sectors of the labour market, particularly more traditional professions. From a security perspective, it creates new vulnerabilities and ethical concerns in the area of individual rights.

There is a specific paradox when it comes to EU public funds invested in research and innovation. Even though the assets invested are among the highest in the world, it does not seem to be driving as much quality innovation as expected. The cumbersome nature of EU fund distribution can deter potential researchers and instead attract speculative investors who view the bureaucratic maze as an opportunity.

## Part II: Solutions

So how can we ensure that growth in innovation and high tech is not self-serving, but rather is a multiplier for growth elsewhere? In our proposed solutions, we focused on the imminent pressures of structural changes in the economy, global warming – which threatens our very existence – and security and defence as key focus areas for enhancing Europe's strategic autonomy.

### Economics

Financial incentives (subsidies or tax cuts) can be provided to companies that engage in R&D, scientific cooperation and methods of digitalization (e.g. deductibility of research expenses). In order for innovative EU companies to be able to scale up, more investment opportunities can be provided. At present, there is a larger reliance on the banking system, which may be more risk averse. In order to protect innovative enterprises that developed in the EU, higher standards are needed for third country developed companies (e.g. for the procurement process of EU start-ups and innovation companies).

The EU will need to channel financial support to interdisciplinary educational programmes that focus on innovative thinking and developing high-tech solutions, in order to gain a more skilled labour force. This will address the skills mismatch, demand for digital skills and high unemployment rates in Europe. Another point of action for Member States to support the efforts for more innovation is to attract the return of know-how and expertise from EU diaspora.

Tesla, one of the biggest success stories in high tech, was a product of public funding, not private. For Europe to produce the next Tesla, it needs a combination of the following factors:

- Targeted use of public support for mission-driven innovation in fundamental science and STEM sciences. The provision of public funding must however be coupled with an oversight mechanism to ensure finances are used effectively.
- A market that is attractive to global talent. Talent is also a contributing factor in the advancement of successful innovating countries such as the US, especially high-level developers with specialised profiles.

The EU also lacks in high-level scientific research, which adds to the brain drain. The US has created a conducive business environment with strong fiscal attractiveness (e.g. no taxation of US-based businesses profits made abroad).



## Climate

During the next five years, the EU could focus on areas where it already excels such as clean tech, and incentivise traditionally pollutive industries to contribute in these efforts as part of a transition to a more sustainable economy. The abolition of the European tax exemption on aviation kerosene – while putting an end to a problematic distortion from the point of view of competition law since it favours the most polluting means of transportation at the expense of other alternatives – would make it possible to earmark significant resources that could be targeted towards green innovation in the field of aviation, transport and more generally in urban infrastructures. Recent reports from the World Bank or the IMF point out the effectiveness of carbon taxation, which has already been put in place in some European countries (Sweden, Denmark, Finland, France or Ireland) for other emissions of CO<sub>2</sub>. As it stands, the Union-wide cancellation of a problematic tax exemption on kerosene would be much more effective as the Union is critically sized and represents a sufficient portion of the transport aerial system to make it difficult to circumvent this tax.

In cooperation with industry, the EU could promote investment in research for clean-tech innovation in transportation and finance projects of high potential in areas such as CO<sub>2</sub> reductions, renewable energies, smart-grids, etc.

## Security and Defence

Europe's potential lag on high tech and innovation comparatively to global powers has left it vulnerable those who harness technology for political gain, sometimes to the detriment of democracy. This is clearly visible in the discussion regarding Huawei's 5G and hardware from China. While leading in the production of semiconductors, the benefits of innovation for Europe have been transferred to geopolitical competitors, because of a lack in cyber resilience and a lack of preparedness for state capture of high tech. In short, Europe's integration process has left many gaps to fill. Its focus should be placed on retaining technological innovations for their original purpose. There is a real need to lead and attract innovators from across the world and foster the growth of innovation already within Europe.

## Effectiveness

To increase the impact of the proposed solutions, we believe additional measures should be adopted to make sure the raised and distributed funds create the effects they are intended to. In most cases nowadays the distribution of the funds (such as Horizon 2020) is managed by national authorities. Even though this is in line with the principle of subsidiarity, in reality we observe this is the area in which unnecessary additional bureaucratic and administrative obstacles are created, which deters the high quality innovators and researchers and attracts speculative investors who take advantage of the environment that promotes corruption and cronyism. Therefore, we propose the funds are distributed directly on the EU level by the special agency created for this sole purpose.

## Conclusion

In order to move closer to strategic autonomy, we need a competitive block of innovation in high tech. Comprehensive policy-making and agile innovation on EU-level is critical if we are to have a competitive advantage in the global market. The speed of adoption of products challenges the standard-setting ability of the EU, resulting in a 'first mover advantage'. In education, the EU should promote wider skills to address the respective labour market gaps and higher unemployment rates. Interdisciplinary education will also assist 'big picture' thinking. As the US loses its normative power, Europe has the opportunity to lead. There are substantial opportunities for synergy in the areas of economic growth, global warming, and security and defence with innovation and high tech.



## Group 2 Enhancing EU Foreign Policy Capacities

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The European Union is surrounded by an unstable and uncertain environment with an ever more assertive Russia, a challenging China and a sensitive Transatlantic relation. At the same time, core institutions of the rule-based multilateral order are coming under stress and pose a serious risk **to a belt of prosperity and security** that the European Union wants to build across its neighbourhood and the world.

Concurrently, the fact that in the past decade the EU has proven prone to state competition and therefore not a sui generis post-modern power is an acknowledgement that the EU has become a mature player in international affairs and is taken seriously. Simultaneously, the **EU has a proven track-record in harmonising standards based on common principles and values**. It also has a key interest in expanding this model globally to face the challenges at hand.

The EU's economic and demographic weight in the world is shrinking. Against this backdrop, **a stable rule-based international framework and strong international partnerships** are more essential to European prosperity and security than ever before.

The European Union is advancing its strategic autonomy in matters of defence, while NATO is regarded as the cornerstone for European security and defence. In this context, **a tailored approach**, where no one is left behind and complementarity and synergy are key principles, is elemental.

Internally, the European Union is facing both challenges and opportunities, while the popular support among Europeans is more than 60% when speaking about their countries' membership of the EU. Also, with a proven unity in some cases, but with several political divisions in other situations, the member states and the EU institutions are moving forward in drawing the future of Europe and the Strategic Agenda for 2019-2024.

In this context, we propose an enhancement of the European Union's Foreign Policy capacities based on three distinct but highly interconnected pillars:

- Soft power revisited;
- Multilateral solutions in a changing world order;
- Building the ability to defend Europe;

### 1. Soft power revisited

The fact that in the past decade the EU has proven prone to state competition and therefore not a sui generis post-modern power is an acknowledgement that the EU has become a mature player in international affairs and is taken seriously. At the same time, it means that it needs to revisit the logic on which the exporting of its values and principles has been based so far.

#### Why?

The world today faces global challenges which require global solutions. The EU has a proven track-record in harmonising standards based on common principles and values. It has a key interest in expanding this model globally to face the challenges at hand. In order to do so, it needs to revisit the means through which it projects its soft power abroad. Such a revision of the EU's soft power model is especially important for four reasons.

First, EU soft power has in the past decade proven to be easily undermined by economic and military power capabilities of third parties. This has for example been the case when it tried to sign an Association Agreement with Armenia, which Russia was able to prevent because of its position as a security provider to the country.



Second, other increasing global powers have been unconditional in offering (financial) support to third countries which undermines the EU's model of exporting its values and principles through development aid.

Third, the past decade has shown that EU soft power is may no longer be as attractive as in the past to the EU's neighbours and other countries because values are not as much shared as the EU thought. Political elites in third countries, e.g. in Moldova, have proven to adhere to our values in name only in order to receive financial support.

Fourth, other regional and global powers are increasingly presenting and searching to export alternative sets of values. For example, Russia is actively searching to export a value model based on traditional family values and Christianity values, and Turkey and the Gulf states are actively searching to export Islamic values.

## **Towards a new model of exporting EU values and interests. Recommendations**

We would like to propose a revision of the EU soft power model in at least three fields. These revisions are:

- **Enhancing hard power capabilities (as counter-intuitive as that may sound);**
  - Increase the level of soft power by underpinning it by hard power capabilities. That means that EU should be able to be a security provider e.g. In the Western Balkans and Eastern Partnership regions to ensure that values can be exported. The EU can't have foreign policy without security and defence policy;
- **Unleashing the unmet potential of EU communication and public outreach;**
  - Consolidate and expand objectives that EU is committed to when it comes to values and principles. The EU should continue to promote its more traditional values and principles on the Rule of Law, Democracy, Multilateralism, but also more future-oriented fields like innovation, climate et cetera. The EU could better and more confidently communicate that it is a strong player in technology, smart cities, the circular economy, Artificial Intelligence, Quantum computing, Energy innovation, high-tech agriculture et cetera.
  - Strengthening public diplomacy strategies by making recipient countries more aware that they receive EU funding. Amongst others by bringing EU symbols like the EU flag more explicitly to the attention of funding recipients. (example of Japanese busses in Serbia)
  - Not only expressing EU support in financial terms but also in real terms: What does EU support mean in practice for countries.
- **Expanding education, innovation and research beyond EU borders;**
  - Common Research grants for EU and non EU research institutions (as a demand for consortium forming) to increase cooperation;
  - Reducing paperwork and bureaucracy to increase accessibility of EU funding while increasing/improving accountability. Transparency is needed- especially in terms of grant merits more than a box ticking exercise;
  - Smart projects, more effectiveness and efficiency- interdisciplinary approach. We are a safe place for research and innovation on the issues that matter- eg. climate change. Europe is green;
  - Promote and increase the interdisciplinarity between internal and external partners. By promoting EU values in the different projects, thus attracting smart brains from third countries and preventing EU brain drain;
  - From research to SME's: increased support;
  - Education: European schools to extend EU model. Start from the youth and build it up.
- **Harmonising the EU approach**
  - Global issues require global solutions, which then require a harmonised solution under agreed standards.
  - If our approach remains divisive on the standards we require from fields such as medicine, law, higher education, safety standards; then we put a burden on what could be a smart, effective and purposeful action;
  - Good examples of harmonising are drivers licences and other documents, roaming charges;



## 2. Multilateral solutions in a changing world order

### Why?

The EU's economic and demographic weight in the world is shrinking. Against this backdrop, a stable rule-based international framework and strong international partnerships are more essential to European prosperity and security than ever before. At the same time, core institutions of the rule-based order are coming under stress. The US is retreating and rising powers like China and India are not adequately integrated. Unilateralism and new competing institutions are a real threat for trade and cooperation.

The EU's best chance is to modernise the system where it can while also aiming for a more effective engagement with long-term partners in its neighbourhood. There is considerable untapped potential. While the EU has many partnership instruments, they suffer from weak coherence and offer little protection against backsliding. The EU's strong commitment to values is undermined by its weak ability to agree on effective sanctions against those who do not respect human rights. There is a lack of long-term vision in the cooperation with countries that are unlikely to join the EU. A final notable missed opportunity is the ineffective cooperation with our rapidly growing African neighbours.

### Recommendations

- **Adapt existing multilateral institutions (IMF, World Bank, WTO) to the rise of China, India etc.**
  - Without compromising the foundational values of the institutions, accommodate rising powers, e.g. by reforming voting rights, in order to reduce the incentives to exit and set up parallel structures. Simultaneously, insist on the most advanced rising powers taking on full responsibility in international organisations, especially in the WTO.
- **Set up concentric circles of integration: slowly but steadily engage partner countries**
  - More rights and more duties with every step: more economic (and possibly political) access, but also closer alignment with the core values of the EU. Possibly offer observer status in the Council to countries that might join the EU in the long term in order to prepare them for the full range of rights and duties that come with EU membership;
  - Accession is just the last step in a long-term process;
  - Integration must not be a one-way street, the EU must introduce measures against backsliding: If a partner goes on their commitments, the EU goes back on market access;
- **Strengthen our commitment to human rights in interactions with partners**
  - Define red lines more clearly and keep to them;
  - Speed up the process of condemning human rights violations and deciding on sanctions;
  - Improve credibility of the threat of sanctions, for example by considering to replace unanimity with qualified majority when voting on sanctions relating to human rights violations;
- **Engage more with the African Union**
  - Take African countries seriously and treat them as a real and strategic partner;
  - Further develop and implement the Marshall plan for Africa towards a stronger cooperation between the two continents, aiming for a new pact: African solutions, personal responsibility instead of give and take;

## 3. Building the ability to defend Europe

### Why?

The European Union is surrounded by an unstable and uncertain environment with an ever more assertive Russia, a challenging China and a sensitive Transatlantic relation.

The Transatlantic relation is experiencing some new pressures, while the EU-NATO cooperation is at the highest ever level and at a time of when cooperation and unity is needed more than ever.





Approaches within the interest areas of the United and the European Union increasingly differ, which means that US sometimes pulls out of areas - such as the Iran deal, the climate change issue and the future of trade, the US double standard speech about NATO - where the EU has an interest and could and should thus try to play a role as a security provider.

Developments, both in the South and the East, but also on a wider global context, in regards in warfare techniques, new high-tech weapons, hybrid and cyber attacks and stratcom challenges, **pose a serious risk to a belt of prosperity and security** that the European Union wants to build across its neighbourhood and the world.

On the same page, the internal factors holding the EU back, such as the internal fragmentation of defence market must be addressed.

From an institutional point of view, the decision-making process on conflict intervention and involvement is sensitively slow in comparison with other world actors. The unanimity appetite prevents the EU from having rapid responses and then others step in quickly and create difficulty for the European Union to advance its interests on peace, security, development and human rights.

## **A principled solidarity and a tailored approach while moving forward.**

### **Recommendations**

In recent years, the European Union has developed a wide range of instruments, from the cooperation with NATO on hybrid, cyber, but also military mobility to advancing the opportunities and potential that the Treaty of Lisbon offers, such as the launch of Permanent Structured Cooperation, but also the European Defence Fund or the European defence industrial development programme.

Also, in matters of defence, it is not always necessary to have a EU-27/28 as a whole acting together. In some contexts, coalition of the willing may be sufficient, while keeping a **principled solidarity**, which means ensuring support between member states concerns' without necessarily being a part of the concrete measures decided upon.

At the same time, NATO remains the cornerstone for European security and defence, while the European Union is advancing its strategic autonomy in matters of defence and towards a Defence Union in 2025. In this context, **a tailored approach**, where no one is left behind, where coalitions of the willing are possible and where complementarity and synergy are key principles, is elemental.

While matters of Common Foreign and Security Policy and Common Defense and Security Policy remain purely inter-governmental, the recommendations are realistic and represent the first stage of what could be called a future Defence Union. So, our **recommendations** under this pillar are:

- Continue and enhance the cooperation with NATO, ensuring complementarity and building upon the Warsaw and Brussels Declarations;
- Create structures that enable coalition of the willing;
- Coordination of defence spending while building on the strengths, interests and defence cultures of the member states (enhancing the Coordination Annual Review on Defence);
- Expanding a smarter Union on defence by linking research in the military field with capabilities building and joint use of findings;
- The establishing of a permanent Defence Ministers Council to support more European coordination and building trust within the member states.



## Group 3 The challenge of democratic decline: looking for a European level solution

Authors: Glorianne Camilleri, Léonie De Jonge, Zsuzsanna Vegh, Malte Kjems, Paško Bilic BILIC, Alexander Damiano Ricci with the support of Alexandra Tzvetkova (EPSC).

### Intro: defining the problem of democratic decline

Over the past decade, the issue of ‘democratic decline’ has become increasingly salient within the European Union. More specifically, democratic decline affects the institutional, political, civil society and media ‘spheres’, which, broadly said, are constitutive of our democratic societies. Keeping in mind these analytical framing, the general problem of democratic decline unfolds into the following key challenges.

### The challenges constitutive of democratic decline

In the first place, and relatively to the institutional sphere, the issue of the democratic decline can be broken down into two main challenges, namely attacks on the rule of law and fundamental rights, and threats to the division of power between the executive, legislative and judiciary branch. In the second place, concerning civil society, general disengagement from politics and low electoral turnout appear to be particularly problematic trends. Third, the media sphere is confronted with the challenge of digital platforms becoming the new intermediaries of public debates, on the one hand, and with the more general issue of granting access to information to citizens, on the other one. Last but not least, in the political sphere, the democratic decline is evident through the rise of extremist, anti-systemic movements and parties both within and outside the European Union.

Democratic spheres	Challenges	Why an EU approach?
Institutions	rule of law and fundamental rights/ division of powers	To strengthen the capacity of the EU as a sovereign entity acting collectively on pan-European issues.
Civil society	low turnout/civic disengagement	To preserve and develop the role of the EU as a credible actor on the global stage.
Media	access to information/digital intermediaries	To regulate the Digital Single Market.
Politics	the rise of extremist, anti-systemic forces	

### Why do we need an EU-level answer to this challenge?

Although democratic decline plays out mostly at a national level, we argue that an EU-level strategy needs to be put in place. This is due to both ontological and policy factors.

From an ontological point of view, the respect of democratic processes and values lies at the very heart of the Treaties of the European Union (Art.2) on the one hand, and of the Copenhagen criteria (the rules that define whether a country is eligible to join the European Union), on the other one. Secondly, the European Union needs to preserve a healthy democratic environment because it is a condition for the former to credibly act as a global power that fosters the development of democratic models across the globe.

From a policy perspective, the preservation of democratic principles and procedures inside the European Union underpins the sovereignty of the EU, as the latter needs to take collective decisions on crucial matters, such as, for instance, climate change, taxation, international trade, migration and foreign policies. Without the principles and procedures of democracy guaranteed in all Member States as well as in the European Parliament, the democratic constitution and thus legitimacy of these decisions could come under question. Last but not least, the establishment of the Digital Single Market requires that decisions affecting digital platforms vis à vis media companies are tackled through a European level solution.



## The policy issues

- **The institutional sphere: attacks on the rule of law and fundamental right, and challenges to the division of powers**

Challenges to the democratic functioning of Member States can be observed in the institutional sphere of democracy primary as attacks on the rule of law and fundamental rights (such as freedom of association, freedom of speech), which undermine the very principles the European Union is founded upon, as well as in the form of concentration of power in the hands of the executive, resulting in the dismantling of checks and balances in the system.

- **The civil society sphere: low turnouts and civic disengagement**

Civil society is currently suffering from a lack of participation from society at large. This is reflected in the low turnout at elections, most noticeably at the European Parliament elections, whereby each year is characterised by reduced percentages of voter turnout. There is a risk for further political and societal disengagement which could increase the democratic decline. We also observe a lack of education in European history, the EU's institutions and politics in general among the youth. Votes may thus be cast in a less informed manner, relying on incorrect information.

- **The political sphere: the rise of extreme political forces**

The EU is currently witnessing the rise of various anti-democratic movements. This trend manifests itself in various forms, including extremist parties or actors, and external forces meddling with European democratic processes (e.g. bypassing EU law). It is important to differentiate between populist actors and extremist actors. Populists challenge the norms and principles of liberal democracy (e.g. pluralism & minority rights) without necessarily being anti-democratic. Extremist actors, on the other hand, do not respect the rules of democracy. Populism can act as a democratic corrective, while extremism is destructive.

- **The media sphere: granting access to information and the regulation of digital online platforms**

The media sphere is troubled by traditional issues such as freedom of expression breaches, defamation charges, political interference, media concentration, threats and killings of journalists. In addition, a new set of challenges in the media sphere is closely connected to the developments in the digital sphere. New issues include the migration of audiences, and advertising revenues, from traditional media towards digital intermediaries, fake news distribution, and the increasing rule-setting power of algorithmic mechanisms in media content engagement.

## Policy recommendations

- **The democratic semester: a strategy to counter attacks on the rule of law, fundamental rights and institutional backsliding.**

To counter the above-mentioned trends of rising threats on democratic institutions, which challenged the democratic foundations of the European Union, a two-folded approach should be adopted encompassing both preemptive and reactive measures.

To prevent the escalation of the deterioration of democratic quality, the European Commission should propose the introduction of a separate monitoring mechanism to serve as a 'European Semester of Democracy'. This monitoring mechanism should be based on regular impartial and comprehensive evaluation, should concern all Member States and should be followed up with concrete measures, potentially triggered by the EU institutions.

To guarantee impartiality and account for the workload that regular monitoring would entail, the evaluation should be conducted by experts. To this end, the European Commission should propose the extension of the mandate of the Fundamental Rights Agency (FRA) to conduct these regular reviews. The fact that FRA is under the EU umbrella justifies the relevance of its involvement in such an evaluation process in the EU context (unlike the potential invitation of e.g. the Venice Commission or other non-EU bodies to do the job would).

In case the evaluations of FRA flags threats to democracy in a Member State, the EU institutions and the other Member States would have the right to trigger the follow-up measures. This would naturally include Article 7, but the Commission should also keep on the table the potential measure of rule of law conditionality for EU funds.



FRA's independent evaluations and the potential sanctions should be linked in order to provide credible arguments for the deployment of the latter and also to counter claims that rule of law conditionality would be used arbitrarily as a political tool.

- **Monitoring the political game: to tackle risks in the political sphere we need both, preemptive and reactive measures**

Similar to the institutional realm, it is important to differentiate between preemptive and reactive measures, since preemption is likely to be much more efficient than reaction. In terms of preemption, the EU should encourage a combination of top-down and bottom-up approaches. With regards to top-down approaches, the importance of the Copenhagen criteria should be constantly emphasised. This could be done within the framework of the monitoring system mentioned in the institutional chapter above. The monitoring should also involve lawyers who systematically flag up issues, actors and countries that do not abide by or breach the Copenhagen criteria and/or human rights.

In terms of bottom-up approaches, the EU ought to strengthen the instruments that are geared to 'check' democratic institutions. To this end, civil society organisations ought to be strengthened. Above all, there is a need for a strong and independent media. Given its social influence and its ability to 'check' those in power, the media is often considered the Fourth Estate. The EU must protect journalists and foster cooperation and exchange between media practitioners from various EU countries. A strong, independent EU-wide media system is vital to raising awareness about instances of democratic decline in the Member States and checking the functioning of democratic processes. More concrete policy measures on how to strengthen the media sphere, below.

In terms of reactive measures, the EU can decide to engage or disengage. Thus far, the EU has opted for disengagement (the democratic backsliding in Hungary that started nearly one decade ago is a case in point). We believe that the EU should actively engage with anti-democratic forces without limiting or restricting the freedom of expression or speech. Repressive measures are likely to backfire. Anti-democratic forces need to be identified and challenged from the start. The timing is key; as soon as non-democratic actors emerge, they ought to be flagged. The EU should show zero tolerance towards anti-democratic behaviour. Reactive measures must go beyond simple 'naming and shaming'; instead, there should be consequences that ought to be tailored to the particular situation. Limiting access to funding is a step in the right direction.

- **The ECCE and a vote for holidays: reviving civil society sphere at large**

Most of the issues concerning the civil society sphere can be addressed by strengthening the education system. Furthermore, education plays a pivotal role in addressing all challenges linked to the democratic decline in the four different spheres. Indeed, students - but, more generally, citizens - should be enabled to develop a critical mindset and, therefore, to filter through the information fed by institutions, political parties and the media. We recommend investing resources towards fostering civic education: understanding the democratic process is the key to detecting anti-democratic actors and tackling democratic decline. More concretely, we suggest organising a European Convention on Civic Education (ECCE Homo) gathering national actors to discuss the role of civic education programmes in national elementary-, medium- and high- schools.

The objectives of ECCE are twofold. In the first place, the Convention would generate momentum around the issue of the democratic decline in each Member State in the same moment in time. Secondly, ECCE would lay the ground for the implementation of a civic education programme to be implemented in schools across Europe. It would be the first experiment of a pan European educational program to be implemented regardless of nation-states borders.

Besides, the general effort on education which tackles long-term trends, in the short-term we are left with the issue of low turnouts. This issue could be addressed by offering an extra holiday for the citizens who actually vote during elections; in this case, the European Parliament elections in May 2019 should be presented as a Celebration of Democracy. If citizens opt not to vote on Election Day, they would then need to provide a justification for not voting. Greater interest in democratic issues needs to be addressed by education, starting from school children, but also through lifelong learning to address all societies in the EU.



- **A common fund aimed at backing local journalism: how the Digital services' tax could strengthen the media sphere**

In the policy recommendations relative to the political sphere, we already highlighted the importance of an independent and plural media sphere. However, the European Commission needs to take a wider perspective on the development of online platforms and their impact on democratic processes. Indeed, so far, the answers given to the issue remain fragmented. More specifically, initiatives are divided between those focusing on taxation of the significant digital presence and the digital services tax, on the one hand, and those initiatives focusing on electoral interference and fake news distribution, on the other one. These two policy processes should interact more closely as the systemic response towards creating a more informed population and stronger democracy relies upon supporting investigative journalism, community- and local media.

Therefore, we suggest that such journalistic projects should be funded through a Common European Fund with financial resources secured through the implementation of the digital services' tax (DST). The implementation of the DST would provide €5 billion in revenue from the Member States based on the already discussed 3 per cent tax rate. The Fund would ensure that Europe remains a leader in providing fair business taxation and a global leader in promoting democratic values through strong support for local journalistic projects.

## **Group 4 Cohesion – 'No one left behind'**

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### **Priority overview**

Cohesion means the social, political and economic inclusion of all EU citizens and residents without discrimination, coupled with a sense of common purpose and belonging among people, regions and member states.

The current socio-economic disparities across the Union contribute to a fragmentation of the EU's political landscape. Social cohesion improves political cohesion, which ultimately enhances European cohesion hence addressing an existential threat to the EU.

Cohesion relates both strongly and directly to European sovereignty and the Union's strategic autonomy.

The European sovereignty is perceived as the EU's capacity to act domestically. Fostering socio-economic cohesion enhances EU's legitimacy, which is manifested through its Member States, but in essence originates from the people. It will boost Europeans' confidence in the EU. Only a sovereign Europe is a Union that can protect its people.

The European strategic autonomy is seen as relating to the society and political resilience to disruptions from outside. A more cohesive Europe would make it more difficult for foreign actors to disrupt the connecting tissue of the society.

### **Through increased cohesion, we aim at:**

- 1.** Reducing inequalities among people and countries and fighting against poverty and social exclusion
- 2.** Enhancing member states capacity to work together and hence maintaining the EU as a political instrument for cooperation in Europe
- 3.** Build Europe's resilience to systematic threats such as climate change or hybrid attacks

The action is best tackled continent-wide because it is about bringing all member states closer together. A relatively centralised administration will help minimising corruption while ensuring a similar treatment for each member state and improving efficiency by acting where it is most needed.



## Policy proposals:

**No 1** - We suggest a policy approach based on interconnectedness. Tackling cohesion is a multifaceted project with ramifications in many other policy spheres. The different dimensions must be properly assessed, putting in place a comprehensive and whole-of-EU policy plan.

**No 2** - Europe needs a Vice-President for Cohesion. He/she will be in charge of proposing legislation. He/she would also enforce cohesion as a cross-cutting concern for the Commission.

The Vice-President will be in ensuring cohesion through four pillars: social pillar, economic, taxation and investment pillar, migration pillar, and education, research and innovation pillar.

*For the social pillar, we suggest the following three policies:*

**No 3** - A fair pension for all. The Commission would set a European minimum for pensions per country. A European fund would be used to bridge any gap in order to guarantee the fair minimum is reached in every EU member state.

**No 4** - An equal treatment for all workers. Any person active in the economy shall benefit from the same rights (unemployment, pensions, social security). Labour standards shall meet at a common point.

**No 5** - A European fund to effectively fight poverty must be put in place. It does not consist only in correcting disparities between rich and poor but in creating the right conditions that allow every individual of our society to develop decent and dignified living standards.

*For the economic, taxation and investment pillar, we suggest the following three policies:*

**No 6** - The Union should ensure equality before taxation. Every company active in Europe should pay taxes where its activities are taking place, and not where it is most advantageous. The fight against tax evasion will guarantee that everyone receives but also contributes fairly to the society. Further, diplomatic and economic pressure should be put on third countries in order to tackle tax havens.

**No 7** - Public investment must be made in line with key objectives, such as the fight against poverty and climate change. A comprehensive approach must apply here as well to guarantee that no public investment undermines socio-economic cohesion.

**No 8** - Concentrating investments at the most disadvantaged regions will ensure a cohesive society. Investments must take place not only where they are economically beneficial but also where they have a cohesive purpose and where all people benefit. Minimum conditions of social services must be raised to avoid discomfort between regions and areas.

*For the migration pillar we suggest the following:*

**No 9** - The European Union will only enjoy a cohesive society if there is real and effective cohesion between European citizens and third country nationals. For that reason, cohesion must work in favour of integration but most importantly in favour of mutual understanding.

**No 10** - The ageing of population is a real problem, constant movement of young people from rural areas to cities is widening the gap between these two areas. Revitalizing rural areas is key to a more integrated and effective cohesion between them. One of the solutions is promote cohesion in these areas between people from different origins.

*For the education, research and innovation pillar, we suggest the following two policies:*

**No 11** - The Union should guarantee the best level of education in all parts of the continent, to ensure the best quality of services for all. This could be done through exchange for professionals, the creation of regional centres of excellence and a subvention for qualified workers returning in their home country after having studied abroad to avoid a brain drain.

**No 12** - The Union should simultaneously assure freedom of research and pursue purpose-oriented innovation policies. The Union should continue to promote a multi- and inter-disciplinary approach to innovation and research. Innovation policies should focus on tackling systemic threats such as climate change. This would strengthen the Union's international standing as a hub for technological progress that follow ethical standards.



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The conclusions of each working group were presented on 22 February 2019 to Ann Mettler, Head of the EPSC. The contributions do not reflect the views of the EPSC, nor of the organisations of which the participants are members.

