

# EUROPEAN STUDENT CONFERENCE

Yale University, February 13–14, 2015  
Conference Report



Erasmus+



## Dear Reader,

Two months after the European Student Conference, we find it overwhelming to describe what this project meant to us. So many moments come to mind. ESC 2015 meant meeting 80 students from all over the U.S. and forming new friendships. ESC 2015 meant conceptualizing the future of the European Union with 19 experts and professors. ESC 2015 meant planning every single detail of the conference with a team of 24 extremely competent Yale students for one year. ESC 2015, to us, also meant dreaming big on a December evening in 2013 at Yale, where we identified the need for greater debate about Europe's future at American colleges and decided to act.

Most of all, ESC 2015 meant collecting our student potential and channeling it to the European Union. Our goal is a socially inclusive and economically thriving Union of diverse people. The twenty-two policy-papers that conference participants wrote speak of such a Union.

The ideas we developed, the friendships we formed, and the moments of excitement and success we shared will impact us when we continue our studies in the USA or set out for our professional careers somewhere in the world. They already live on in the think-tank we formed at the ESC. Called "European Horizons," our think-tank will connect students in the U.S. to one another and deepen the discourse about the future of the EU – at our universities and at next year's ESC.

"European Horizons" has just started – and is here to stay. We wish the new leadership all the best in continuing this project and count on your support to make "European Horizons" the success-story it can become.

Thank you to our team, participants, advisors, sponsors, Yale University, the Yale School of Management and the European Commission. Together, we created much more than a conference. We created a movement that, in the long run, can change Europe's future.



**Igor Mitschka**  
President of ESC 2015



**Melina Sánchez Montañés**  
Vice-President of ESC 2015



## BEFORE THE ESC 2014–2015

As part of the logistics portfolio, the most memorable moment of the conference for me was actually the first morning, when we checked everyone into the conference. Because that was the moment when I realized—everyone is finally here! We managed to coordinate all of our guests' travel and accommodation in New Haven and they all found their way to the Yale School of Management. It was then that the conference finally felt real for me after the months of endless communication and preparation. Ultimately, this moment was the building of the first steps of the bridge between the pre-conference activity by the participants and the end products to be supported by our new think tank, European Horizons.

— Alex Co, Logistics Portfolio Officer [1]



At a very early stage of the ESC planning, we realized that the students invited to the conference are essential to the success of the conference and to carrying the project forward in the long-run. We were very concerned in delivering the message about our conference to as many institutions as possible, in the hope of finding bright, self-motivated people who could both benefit from and contribute to our project. We have contacted 136 academic institutions in the USA, and thanks to their help, we received an overwhelming number of applications from very qualified students in doctoral, undergraduate, business and law programs. It was extremely challenging to make the final selection of students, as the application required a considerable amount of effort and knowledge of EU matters. However, the ESC project was unique in that within each 16-student workshop, each and every one of our participants had the opportunity to directly interact with the policy-makers and professors present at ESC. It was a conference where the young people could really express their views, and receive substantial feedback on their ideas, as opposed to them just listening to the prominent figures. The power of ESC lies in its interactive character, and I am very proud of my contribution to the conference admission process.

— Olga Karnas, Participants Coordinator [2]





## OPENING OF THE ESC FEBRUARY 13, 2015

*It was a great pleasure for me to open the European Student Conference at Yale. It was truly impressive to see their great grasp of EU issues. I welcome the many initiatives and policy recommendations coming out of this conference and I am certain the launch of their think tank will spur further interest in the European Union in universities across the U.S.*

—**David O’Sullivan**, Ambassador of the EU to the U.S. [3]

*This is the project of each and every one of us. It is a project that goes beyond borders, beyond nationalities, and beyond ideologies. It is a project that will not just try, but will succeed at changing the European Union.*

—**Melina Sánchez Montañés**, Vice-President of ESC 2015 [4]



## WORKSHOPS AT THE ESC FEBRUARY 13–14, 2015

*I was immensely impressed with the overall quality of the conference. The student participants combined energy and enthusiasm with deep knowledge and a very high level of analysis. The synergy between their youthful idealism and the hardened realism of the practitioners created an atmosphere of constructive dynamics on which I am confident the newly created think-tank will successfully build.*

—**Professor Jolyon Howorth** [5]

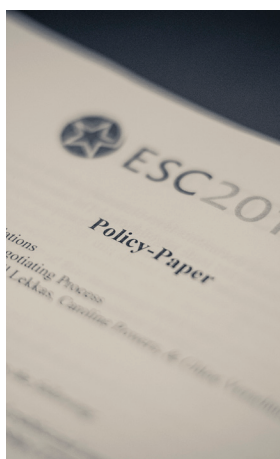
*Going to Yale, I was looking forward to a high-powered event with intensive flow of ideas. I got what I expected, and more: lots of positive and intelligent thinking carried by care about the future fate of Europe. The conference was extremely well prepared and structured to release maximum intellectual output. The product of the discussions gives a good starting point for continuous think-tanking activity.*

—**Jan Trusczyński** [6]

*Congratulations to the organizers of the European Student Conference 2015 in Yale! It was a well-organized and thought-though event. It was very encouraging to see so many students coming from such a diverse background (education, nationalities and interests) who passionately discussed Europe. I particularly liked the format chosen: students prepare policy papers which are subsequently discussed with both practitioners and academics.*

*We need more of these informed debates about Europe—within its borders but certainly also ‘abroad’. And as we could witness, many critical remarks were made about the state of play, future perspectives, and this or that policy adopted by the EU. That is the way it ought to be: we need critical thinking, certainly also from outside the famous “Brussels bubble”. Maybe not all policy options drafted at the conference can or will be translated into practice but the discussions helped develop arguments and ‘think outside the box.’*

—**Achim Ladwig**







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## How It Started: European Student Conference 2015



From February 13 to February 14, 2015, undergraduate and graduate students from universities all across the USA gathered at the Yale School of Management to discuss the future of the European Union, their personal contribution to a more successful Union, and the creation of a student think-tank for EU policies and affairs in the United States, European Horizons.

The overall goals of the conference were for students:

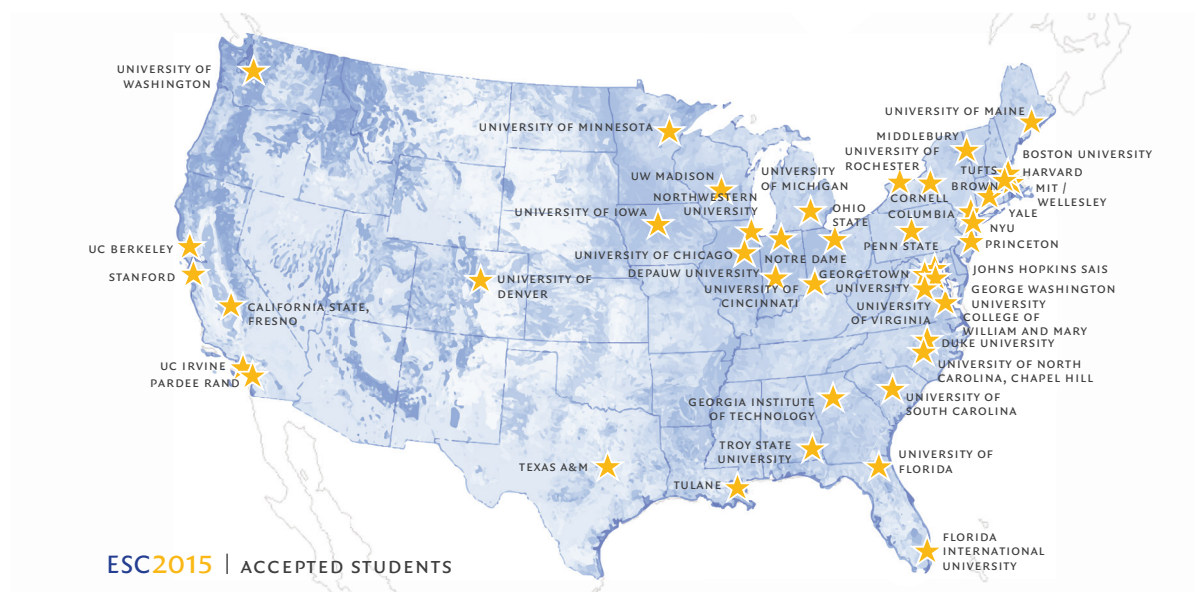
- To develop a vision for the European Union concerning borders, transatlantic relations, an innovative economy, democratic participation and identity and solidarity in Europe.
- To enter into a debate with distinguished professors, current and former EU policy makers, and representatives of the European Commission.
- To draft a concrete plan of action: How could each of us contribute to our vision in our own lifetime.
- To form a student think-tank, European Horizons, to continue the debate and follow up on our vision with initiatives at US universities.
- To dedicate student creativity, ingenuity and time to build the future of the European Union.



## PARTICIPANTS

Our eighty student participants represented forty-six universities from all over the United States of America, and attended college, law school, graduate school and business school. What they had in common was a desire to shape the future of the European Union and transatlantic relations, and to enter into a thought-provoking dialogue with professors and policy-makers.

We were glad to welcome a delegation from the Collège d'Europe in Bruges and Natolin at the conference.



## ADVISORY PANEL | PROFESSORS

### DAVID BACH

Senior Associate Dean for Executive MBA and Global Programs at Yale School of Management

### SEYLA BENHABIB

Eugene Mayer Professor of Political Science and Philosophy at Yale University

### DAVID CAMERON

Professor of Political Science and Director of EU Studies at Yale University

### JOLYON HOWORTH

Visiting Professor of Political Science at Yale University and Jean Monnet Professor at Bath University

### CHRISTINE LANDFRIED

Max Weber Chair in German and European Studies at New York University

### VIVIEN SCHMIDT

Jean Monnet Professor of European Integration and Director of the Center for the Study of Europe at Boston University

### ADAM TOOZE

Barton M. Biggs Professor of History at Yale University

## SPEAKERS & POLICY-MAKERS AT THE ESC

### TONY BLAIR

Former Prime Minister of the United Kingdom, sent a video message to the ESC

### ERHARD BUSEK

Former Vice-Chancellor of Austria

### ANDREW DUFF

Former member of the European Parliament from the United Kingdom

### IGNACIO GARCIA BERCERO

EU-Chief Negotiator for the TTIP

### ACHIM LADWIG

European Union Fellow at The Fletcher School

### PASCAL LAMY

Former Director-General of the WTO and European Commissioner for Trade

### ULRIKE LUNACEK

Vice-President of the European Parliament, sent a video message to the ESC

### DAVID O'SULLIVAN

Ambassador of the EU to the USA

### LUC PEEPERKORN

Senior Emile Noël Fellow at the Jean Monnet Center at NYU

### WOLFGANG PETRITSCH

Former High Representative for Bosnia and Herzegovina and EU-Chief Negotiator at the Kosovo peace talks

### LAPO PISTELLI

Deputy Minister for Foreign Affairs, Italy

### KAREL SCHWARZENBERG

Former Minister of Foreign Affairs of the Czech Republic

### JAN TRUSZCZYŃSKI

Former Director-General for Education and Culture, European Commission

### RICHARD TUFFT

Region Head, EMEA Equity Research, Goldman Sachs London

## WORKSHOPS

There were five workshops at the conference, each of them dealing with a specific topic relevant to European Affairs: borders, transatlantic relations, innovative economy, democratic participation and identity and solidarity in Europe. Each conference participant attended one workshop throughout the conference. In the workshops, students presented policy-papers that elaborated on their visions and strategies for the respective workshop topic. Professors and policy-makers gave feedback on the policy-papers and, together with the students, they further developed the visions and strategies. The end-goal of each workshop was a collection of visions concerning the workshop's topic; and a collection of strategies on how each workshop participant could contribute towards the realization of these ideas in the future, personally and through the new student think-tank, **European Horizons**.



## European Horizons: A new think-tank

European Horizons is a think-tank based at Yale University in the United States of America. It was founded on February 14th, 2015 at the European Student Conference 2015 (ESC 2015) by undergraduate and graduate students from Yale University, 44 other American universities, and College d'Europe. Since then, European Horizons has taken shape and is growing into a bright and unique think-tank that will soon establish itself on both sides of the Atlantic.

European Horizons will host an annual conference at Yale University that will convene students (both undergraduate and graduate), professors, and advisers from politics, business, and civil society to discuss the challenges that confront the European Union and to generate policy papers with proposed solutions.

European Horizons has been endorsed by distinguished figures such as the European Union Ambassador to the USA, David O'Sullivan, the former Prime Minister of the United Kingdom, Tony Blair, and the former European Commissioner for Trade and former Director-General of the World Trade Organization, Pascal Lamy, and by eminent academics such as Professors Vivien Schmidt, Seyla Benhabib, David Cameron, and Jolyon Howorth.

In the months since the European Student Conference, when European Horizons was founded, we have made continuous efforts to expand the impact of the European Student Conference. Many students who participated in ESC 2015 began the process of setting up chapters at their home universities and reached out to their peers and renowned academics in the field of European Union studies for advice and guidance. We would like to sincerely thank all the ESC participants who founded European Horizons Chapters at their home universities – notably Cornell, Columbia, Georgia Tech, University of Michigan, New York University, University of South Carolina, Stanford University, College d'Europe in Bruges. We encourage all students, both undergraduate and graduate, to get involved with the European Horizons Chapter network and inspire others to remain informed about the European Union.

Our experience organizing the European Student Conference 2015 has shown that many students who are not European Citizens and have hitherto had little exposure to the narrative of European integration, are nevertheless enthusiastic about learning more about the topic and eager to get involved with European Horizons. Over a third of the participants of the European Student Conference declared their country of origin to be outside of Europe. As European Horizons expands its scope of activities beyond the European Student Conference, it will create more opportunities for student participation that will likely attract more students, many of whom come from outside the European Union.

The first edition of our journal, *The Review of European and Transatlantic Affairs*, is going to be published in May thanks to the efforts of the Journal Coordinator, Aisenour Bitsen, the Editors-in-Chief – Paul Linden Retek and Philipp Kotlaba, and the layout designers – Vincent Tanutama and Loide Marwanga. The first issue will include all the policy papers authored at the conference by the ESC Participants, accompanied by responses from professors and policy makers who took part in ESC 2015. The issue will be available through the European Horizons website. The next edition, scheduled for October 2015, will feature academic articles written by the members of newly formed European Horizons Chapters.

In early April, we launched the European Horizons website ([www.european-horizons.com](http://www.european-horizons.com)) and will soon launch Horizontal, a virtual discussion forum. The website will feature an overview of the chapters' profiles, as well as articles from our chapters, academics, and policy-makers associated with European Horizons.

Monthly article posts from European Horizons chapters and members on the European Horizons website, accessible to all viewers, will raise awareness and inform the public about many of the challenges that the European Union faces. Through the well-researched exposition and incisive analysis of issues, these article posts will generate interest in European affairs in an American audience.

At the Harvard European Conference in March 2015, the European Horizons team had a unique opportunity to meet leading EU politicians and to

introduce them to our project. We had conversations with the Vice President of the European Commission, Kristalina Georgieva, the first Secretary-General of the European External Action Service, Pierre Vimont, and the Member of the European Parliament and former Vice-President of the European Commission, Viviane Reding. They were impressed by our motivation and output, and gave us valuable advice that we will implement.

In October, European Horizons will host a Fall Policy Convention that will convene the European Horizons Board and representatives from all chapters. At that meeting, we plan to define European Horizons' principles and articulate our ideas for European Horizons' policy vision. We will discuss concrete steps that we will undertake to make a real impact on the European Union.

European Horizons is being built on the dreams, enthusiasm, and commitment of young people who believe wholeheartedly in the European ideal. We are driven by our desire to act for the Europe that we believe in.





# POLICY PAPERS

## Policy-papers of the Borders workshop

At the ESC 2015, the Borders workshop examined the larger topic “Migration in the Mediterranean.” Students drafted policy-papers about: European Neighborhood Policy, Integration, Securitization of Migration, and Unification of Migration Policy. All policy-papers are available in the first edition of the “Review of European and Transatlantic Affairs.” In the following, we publish the “Securitization of Migration” policy-paper to give you an understanding of the workshop output.

**WORKSHOP:** How do we define the borders of the European project?

**TOPIC:** Securitization of Migration

**AUTHORED BY:** Yoana Kuzmova, Giovanni Solidoro, Marko Grujicic, and Lauren Moses

<sup>1</sup> United Nations High Commissioner on Refugees, *News Release: UNHCR urges focus on saving lives as 2014 boat people numbers near 350,000*, (Dec. 10, 2014).

<sup>2</sup> Greece spent €63 million in 2013 alone to thwart illegal immigration, of which only €3 million came from Europe’s border agencies. Italy spent €9 million a month on Operation Mare Nostrum, and was left unassisted by northern neighbors. See *The Economist, Europe’s Huddled Masses*, (Aug. 16, 2014).

### OBSERVATIONS

The Borders Workshop observes the following:

1. An ever-growing number of migrants attempt to cross the Mediterranean Sea to reach European coasts. Just in 2014, crossing the Mediterranean cost the lives of at least 3,419 people, an unprecedented death toll both in the region and globally.<sup>1</sup> While all Member States recognize this as an appalling trend, there has been a meager coordinated policy response to this crisis that prioritizes the human rights of migrants.
2. Mediterranean Member States such as Greece, Italy, Malta, Spain, and France have called for stronger EU measures in response to the growth of irregular migrants, while others have shown reluctance to cooperate in joint EU activities in the Mediterranean.<sup>2</sup> Strikingly, the United Kingdom refused to participate in search-and-rescue operations because it deemed that such efforts only encourage more irregular migration.



<sup>3</sup> Securitization, in the context of external border management and international relations, has been used to refer to a practice of conceptualizing political issues exclusively as security threats, “whether through enunciation or practice.” Ruben Anderson, *A Game of Risk: Boat migration and the business of bordering Europe*, *Anthropology Today* (2013).

<sup>4</sup> See *Conclusions of the European Council* from 26/27 June 2014.

<sup>5</sup> See, for example, “Mediterranean Flows into Europe: Migration and the EU’s Foreign Policy” (Directorate-General for External Policies, European Parliament) and “When the Best Option is a Leaky Boat” (Migration Policy Centre, EUI)

3. Increases in the migratory inflow across the Mediterranean stress local economies and communities in outermost Member States. Meanwhile, indirect responses to surges in migration, expressed as societal resistance to migrants and alarm over poor efforts at securing the borders, are ubiquitous in both northern and southern Member States.
4. In light of the foregoing, the European Union’s initiatives at their Mediterranean borders have far-reaching effects throughout the Member States. Ensuring these actions are effective is all Member States’ concern.
5. These events take place against the backdrop of what some observers have termed the build-up of “Fortress Europe,” an effort to deepen and thicken the external borders of the Union, marked by the creation of Frontex and the progressive ‘securitization’<sup>3</sup> of EU borders. The strategy of expanding the operations of Frontex is continually upheld at the European Council level,<sup>4</sup> while European civil society, UN bodies, and human rights advocacy networks have raised concerns about the dissonance between the EU’s normative obligation to uphold the human rights of migrants, be they regular or irregular, and the current situation in the Mediterranean.<sup>5</sup>

## POLICY VISION

The Borders Workshop believes that:

6. Regardless of the varying attitudes toward the effectiveness of search-and-rescue operations, all Member States remain committed to the observance of their legal obligations through international and European human rights treaties. To further this common interest of all Member States, the Council and Commission should require all Member States to be involved in tailored projects aimed at improving the processing of migrants arriving through the Mediterranean, such as funding for reception facilities and human rights monitoring. In addition, this should include contributions to migrants’ basic needs, such as shelter, food and water, clothing, sanitation, education, and healthcare.
7. The EU should recognize that the absence of solidarity among EU members in responding to the upsurge of migrants poses not only a challenge

<sup>6</sup> For more on the Asylum, Migration and Integration Fund, see [http://ec.europa.eu/dgs/home-affairs/financing/fundings/migration-asylum-borders/asylum-migration-integration-fund/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/financing/fundings/migration-asylum-borders/asylum-migration-integration-fund/index_en.htm).

to the cohesion of the EU but also a security threat to its Member States. The EU, working through mechanisms such as the Committee of the Regions, should address the absence of solidarity among Member States and with forced migrants through campaigns targeting communities in Member States hosting the most migrants. Some campaigns should be EU-wide, and should focus on public discourse by advocating for the merits of pluralism, the value of equality, and the hazards of prejudice. It is by no means clear that EU citizens on the Mediterranean coasts are more or less xenophobic than those further inland, but they are most readily exposed to potential confrontations with migrants and to perceptions that their livelihoods are affected by migrants' presence. To diminish such potential confrontations, Member States should expand the portion of the Asylum, Migration and Integration Fund (AMIF) devoted to solidarity building and help local governments devise strategies for responding to any negative externalities on local people's livelihoods.<sup>6</sup>

8. The European Council and Commission should initiate structural reforms of Frontex so as to remold it into a more transparent and accountable agency. Specifically, the EU should narrowly define the parameters of the agreements that Frontex is allowed to enter into with third countries, and avoid displacing decisions of EU neighborhood policy from the political into the technical cooperation realm. Further, the European Parliament should be given greater control of the substance of Frontex's operations.
9. The EU should amend the Dublin III Regulation to incorporate a distribution system that allocates asylum applications on the basis of proportionality to population. Subsequently, the administrative and welfare costs incurred from the processing and accommodating of migrants in the outermost Member States would be dispersed, bolstering recovery from the Eurozone crisis. To streamline this social and economic support, the European Asylum Support Center, and other agencies within the Home and Justice Affairs Directorate should establish mechanisms to manage financial and material resource pooling and guide their allocation.

## **PARTICIPANTS' STRATEGY**

The participants of the Borders Workshop, in order to realize their vision, intend to:

10. Through publications and research at our respective universities, raise awareness and interrogate the real dimensions of security threats to EU borders that irregular migrants pose.
11. Advocate for a consistent and productive dialogue among policy areas, such as migration policy, asylum and refugee protection and border protection.
12. Through participation in ESC 2015, develop and articulate arguments for border control in the Mediterranean that prioritizes human security and human rights rather than the impermeability of borders.
13. Test the validity and viability of these arguments by presenting them to EU policy-makers and influencers and analyzing the responses they generate.



## Policy-papers of the Transatlantic Relations workshop

At the ESC 2015, the Transatlantic Relations workshop examined the larger topic “Transatlantic Trade and Investment Partnership.” Students drafted policy-papers about: Customer Protection, Energy Chapter, Harmonizing Standards and Regulation, Investor-State Arbitration, and Transparency and the Negotiation Process. All policy-papers are available in the first edition of the “Review of European and Transatlantic Affairs.” In the following, we publish the “Investor-State Arbitration” policy-paper to give you an understanding of the workshop output.

**WORKSHOP:** How do we establish a beneficial transatlantic relationship?

**TOPIC:** Investor-State Arbitration

**AUTHORED BY:** Philipp Kotlaba & Chrysoula Mavromati

### OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. Investment protection and Investor-State Dispute Settlement (ISDS) have been one of the most controversial areas of the TTIP negotiations. A vigorous debate has arisen as to whether provisions on ISDS should be included in the negotiations agenda.
2. Criticisms: The ongoing debate on the usefulness and legitimacy of ISDS goes beyond TTIP. They stem from a general distrust on the ISDS system. The recent developments in investment arbitration—mainly the increasing filing of investment disputes; the initiation of arbitration proceedings against countries which are allegedly taking measures of public interest (Philip Morris in Australia, Vattenfall in Germany) and the allegedly excessive awards issued by arbitral tribunals—have been at the core of ISDS criticism.

- a. Legitimacy deficits: The opponents of ISDS argue that the investment regime suffers from legitimacy deficits. Investment treaties provide additional rights to foreign investors that are not available to domestic investors. Critics charge that arbitral tribunals, by second-guessing sensitive public policy decisions taken by democratically-elected governments, impose an illegitimate top-down form of regulation on States. In the context of TTIP consultations specifically, these arguments are advanced with special vigor by several European civil society organizations as well as European politicians who maintain that European national courts and the EU courts are robust and independent enough to mitigate any need for arbitration on regulatory topics of central importance to public policy.
  - b. Procedural criticisms: Other criticisms of investor-state arbitration concern topics touching upon the technical nature of arbitral proceedings, namely questions of transparency (i.e., the extent to which proceedings and the awards are made public), selection of arbitrators, participation of third-parties (such as through submissions of “amicus briefs”), and review of the awards, whether by an “appellate” arbitral tribunal or by national enforcing courts.
3. Support: Proponents of ISDS view the system as a necessary complement to investment protection disputes. ISDS is seen as preferable to traditional state-to-state dispute settlement mechanisms such as diplomatic protection, which politicizes disputes, disrupts interstate comity, and creates inequality between small investors and economically powerful investors (who may more easily influence a government to initiate a dispute). Further, in light of the 2,500 BITs that are already in force today between EU Member States and other countries, arbitration is nothing new.
  4. On March 27, 2014, the EU Commission launched a comprehensive public consultation process on investment protection and ISDS provisions in TTIP. It received nearly 150,000 replies and issued its report in response to these consultations on January 13, 2015. In the words of Commissioner for Trade Cecilia Malmström, the consultations revealed “a huge scepticism against the ISDS instrument” among the general public. Indeed, it is

<sup>1</sup> Report on Outcomes of EU ISDS Consultations, available at [http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc\\_153044.pdf](http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153044.pdf)

worth noting that nearly half of all 150,000 respondents to the consultation expressed a desire to limit investor recourse to domestic courts only.<sup>1</sup>

5. The report indicates four areas where further improvements should be explored: (a) protection of the right to regulate, raising the burden to show breach of investor protections to account for states' rights to pursue legitimate public policy goals, so long as investors' legitimate expectations are honored; (b) the establishment and functioning of arbitral tribunals; (c) the relationship between judicial domestic systems and ISDS; and (d) the review of ISDS awards by an appellate body. The negotiations on investment in TTIP have been suspended pending further consultations by the EU Commission with civil society and governments as to how to move forward.

## POLICY VISION

The Transatlantic Relations Workshop believes that:

1. ISDS should be included in the TTIP negotiations. However, while we urge specific legal reforms in the treaty, concerns over arbitration reach far beyond TTIP specifically. Accordingly, emphasis should be made on how to communicate to public why ISDS is advantageous, even where two advanced, "model" legal systems are involved.
2. An underappreciated justification for the inclusion of ISDS in TTIP is not directly related to increasing foreign direct investment between the United States and the European Union. Indeed, the broader aims of TTIP transcend the US-Europe relationship. Beside stimulating growth, the agreement's strategic value lies in its aspiration to set global standards. In that sense, the inclusion of an "model" ISDS will empower the EU to assume global leadership in guiding the future evolution of investor-state arbitration.
3. In pragmatic terms, arbitration will continue to exist even if it is not included in the TTIP in the light of the existing 2,500 BITs with an EU Member States as a party that are already in force. TTIP's inclusion of ISDS, then, should be understood as an attempt to improve existing ISDS structures. Based on the EU's negotiating text (itself based on the

2 Scott Sinclair, Investor-State Dispute Settlement in TTIP and CETA (July 2014), available at [http://eu-secret-deals.info/upload/2014/07/canadian\\_center\\_for\\_policy\\_alternatives\\_ISDS.pdf](http://eu-secret-deals.info/upload/2014/07/canadian_center_for_policy_alternatives_ISDS.pdf). See also CETA Consolidated Text, available at [http://power-shift.de/wordpress/wp-content/uploads/2014/07/CETA-Consolidated-Text-EU\\_Doc-md259-14\\_from\\_TagesschauGermany.pdf](http://power-shift.de/wordpress/wp-content/uploads/2014/07/CETA-Consolidated-Text-EU_Doc-md259-14_from_TagesschauGermany.pdf).

EU-Canada Comprehensive Economic and Trade Agreement, or “CETA”<sup>2</sup>) and the United States’ widely respected Model BIT of 2012, we have faith both in the legal text “starting blocks” under consideration as well as in the ability of the negotiating parties to address continued deficiencies in investor-state arbitration through incremental reform. Of particular note:

- a. States already enjoy a “right to regulate” as a fundamental principle in modern BITs. The Commission intends to include the same in TTIP. This is not a public policy “exception,” but an inherent feature of a system that recognizes sovereign regulatory prerogative, subject only to specific constraints. In other words, ISDS creates room for states to pursue core regulatory goals in an evenhanded and lawful manner. An investor’s legitimate expectations, without more, cannot be founded on an entitlement to be free of future industry regulation.
  - b. CETA Article X.36(5) includes a “loser-pays” principle whereby costs of arbitration are borne by the unsuccessful disputing party. Investors therefore have an added financial disincentive to file frivolous suits, since they risk higher costs themselves while respondent states confident in their case may recoup costs after a favorable disposition.
  - c. Parallel proceedings brought by the investor in arbitral tribunals and national courts, under the proposed rule of CETA Article X.23, would be disallowed; an arbitral tribunal would stay its proceedings or take other measures where the claims are identical or overlap, to prevent “double compensation.”
4. That European courts are robust does not rule out irregularities that ISDS can at least partially ameliorate. Irregularities in the distribution of justice may occur even in the most developed national judiciaries—including, for instance, longer waiting periods that prove detrimental to the economic interests of foreign investors. Even in advanced economies, furthermore, the concern that national courts are relatively more susceptible to political pressure or to natural inclinations to prefer a local party to a foreign one remain significant and to an extent justified. For example, policy discrimination in favor of local companies is not prohibited under

<sup>3</sup> See Report on Outcomes of EU ISDS Consultations, *supra* note 1, at 19.

<sup>4</sup> Joseph Weiler, European Hypocrisy: TTIP and ISDS (Jan. 21, 2015), available at <http://www.ejiltalk.org/european-hypocrisy-ttip-and-isds/>.

U.S. law, something that the EU Commission notes in its January 2015 consultation report.<sup>3</sup>

5. One alternative proposed by several scholars and policy-makers, State-State dispute settlement (SSDS), is unacceptable.<sup>4</sup> The initiation of investment disputes in SSDS is inherently dependent on the discretion of governments—this process entails less transparency and creates inequality between small investors and economically powerful ones. Second, the remedies offered by SSDS are of a prospective nature (a state pledges to cease its behavior going forward), and therefore cannot adequately address the losses that investors have already suffered. Similarly, allowing only recourse to national courts—eschewing both SSDS and ISDS—is not an option. Most, if not all, EU Member States are already parties to BITs that provide for ISDS. The choice for most states as a descriptive matter is one between EU-wide ISDS and bilateral ISDS.
6. Between these choices, a system of EU-wide ISDS that eventually replaces existing BITs is sensible. National regulations are already increasingly enacted at least in part because the state has an obligation to incorporate EU-level legislation into its own law. An EU-wide system providing a consistent set of investor protections is appropriate for states whose regulations, in large part if not overwhelmingly, stem from EU, not national, regulations.
7. Criticisms of ISDS in general have validity, however. They should be taken seriously by strengthening arbitral transparency and individual states' regulatory flexibility:
8. First: Arbitral proceedings and awards must be transparent. The UNCITRAL Rules for Transparency in Treaty-Based Investor-State Arbitration should be included in the TTIP, as originally suggested. These provide, among other things, for publishing all documents submitted and the award itself. Additionally, arbitral proceedings should be made reasonably open to the public and accept routine “amicus brief” submissions.
9. Second: Legitimate expectations of the investor (used to define “fair and equitable treatment” in ISDS) should be made contingent on domestic



5 One precedent for this is Gabriela Hausmann-Kohler's awards as president of arbitral tribunals in various Latin-American cases, particularly in Argentinian cases in which it was held that investors knew or should have known that certain political instability in the early 2000s, culminating in various emergency decrees, was likely to interfere with stable profit margins.

6 See CETA arts. X.29, X.30 (claims manifestly without legal merit/unfounded as a matter of law).

7 IISD Model BIT Article 8(1), available at: [https://www.iisd.org/pdf/2005/investment\\_model\\_int\\_agreement.pdf](https://www.iisd.org/pdf/2005/investment_model_int_agreement.pdf)

8 Roland Kläger, *The Impact of the TTIP on Europe's Investment Arbitration Architecture*, 2 *Zeitschrift für deutsches und amerikanisches Recht (ZDAR)* 68, 71 (2014) ("As further safeguards, the EU Commission plans to incorporate a mechanism allowing the contracting states to issue binding notes on how to interpret the investment protection provisions of the TTIP").

exigencies of individual states. Arbitral tribunals generally compensate investors if they relied upon “legitimate expectations” concerning the investment that was subsequently rendered impossible (by a regulation constricting growth, for instance, or revocation of a license). The ISDS provisions should not adopt a “one-size-fits-all” conception of what is a legitimate expectation. Instead, investors’ legitimate expectations must continue to be contingent on the domestic political and social context within the national state that implemented the regulations.<sup>5</sup> The expectations surely are different based on the nation state that receives the investment. We support the EU Commission’s suggestion that legitimate expectations occur only when specific representations are made by a government (i.e., expectations by implication are disfavored).

10. Third: Concerns over excessive or frivolous litigation can be minimized by incorporating mechanisms by which claims that are unfounded as a matter of law—that is, suits that manifestly lack legal justification—can be rejected on an expedited basis, without forcing parties to fully develop and contest the facts of a particular dispute prior to having it dismissed. In fact, the CETA text already provides for “splitting” a claim in this way; the legal basis is examined first on a fast-track basis, allowing for quick dismissal.<sup>6</sup>
11. Fourth: The commitment to preserving a “right to regulate” should be made explicit. The Commission’s preferred draft currently envisions anchoring such a right in the treaty’s preamble. We suggest including in the main text recognition that regulatory measures taken for public policy purposes, and applied in a non-discriminatory way, do not give rise to a valid claim; the IISD Model International Agreement on Investment<sup>7</sup> exemplifies this approach.
12. Finally: the EU Commission should clarify and narrow its plans on the proposed creation of a mechanism by which the parties would issue binding notes on interpretation of the treaty text.<sup>8</sup> “Notes” may delineate the conditions under which investors can rely, and the conditions under which their reliance gives rise to a claim. However, it is unclear how these notes should operate. There are some rough analogues in other instances; NAFTA’s Free Trade Commission, for example, provides binding “notes of interpretation” for that treaty’s ISDS standards (a

feature that itself is highly controversial since it is thought to change the treaty's meaning without undergoing amendment pursuant to Article 2202). Ideally, these “notes” could be made prior to TTIP ratification. In any case, however, this mechanism must be time-limited; only declarations made prior to the filing of a dispute—and perhaps even before the initial investment is made—can be valid. Anything else would undermine the treaty as an instrument conveying settled commitments; an “interpretation” issued in the context of an already pending dispute would effectively serve as a politicized “ruling” on a specific case, not an interpretation of a legal question.

## **PARTICIPANTS' STRATEGY**

The participants of the Transatlantic Relations Workshop in order to realize their vision urge:

13. ISDS should be included in the TTIP negotiations. Rather than questioning the fundamental appropriateness of investor-state arbitration, efforts should be made to incrementally improve the existing system. Additionally, emphasis should be given on how to communicate to public why ISDS is still necessary even when two “model” legal systems, European and American, are involved.
14. The alternative to ISDS at the European level is ISDS confined to the member states. In other words, should ISDS be removed from TTIP, investor-state arbitration will not disappear. No matter: much of the popular skepticism of ISDS is a distrust of arbitration writ large—not of specific legal characteristics in TTIP. This anxiety demands attention.
15. We urge the Commission to make efforts to demonstrate, empirically, the efficacy of ISDS in encouraging foreign direct investment. Given the current deficiency of data on this topic, the Commission should support such research—as well as communicate the broader strategic advantages of defining the ISDS agenda going forward—if it wishes to maximize its chances of winning over the general public.
16. The future of ISDS in TTIP is currently unclear. However, most opposition appears to stem from a misunderstanding of ISDS as it is currently

practiced—something that will continue without more robust public outreach and transparency with regard to the European Commission’s proposals. To that end, the European Student Conference’s think-tank project should prioritize engaging with ISDS at this critical stage of the negotiating process.

## Policy-papers of the Economy workshop

At the ESC 2015, the Economy workshop examined the larger topic “Youth Unemployment and the Digital Economy.” Students drafted policy-papers about: Access to Capital, Closing the European Investment Gap, Education, and Innovation Hubs. All policy-papers are available in the first edition of the “Review of European and Transatlantic Affairs.” In the following, we publish the “Closing the European Investment Gap” policy-paper to give you an understanding of the workshop output.

**WORKSHOP:** How do we create an innovative European economy?

**TOPIC:** Closing the European Investment Gap and Implications for Fiscal & Monetary Policy

**AUTHORED BY:** Max Goldberg, Krister Koskelo, Luigi Pisano

### OBSERVATIONS

The Economy Workshop observes the following:

1. The EU, and euro area in particular, has continued to show sluggish macroeconomic performance for the past several years. The most recent statistics show that the EU’s economy expanded by only 0.3% in real terms in Q3 2014; the corresponding figure for the euro area was 0.2%.

## The Investment Gap, and Investment Plan

In addition to poor economic performance generally, there is a significant investment gap in the EU. One estimate suggests an investment gap of €260bn in the year 2014 in the ‘old’ Member States (EU15), (or €160bn if the construction sector is excluded). The corresponding figures for the ‘new’ post-2004 Member States (EU12) are €20bn and €10bn.<sup>7</sup>

To address this gap, European Commission has recently launched a new Investment Plan, which seeks to bring a total of €315bn of new investment into the EU economy. The Plan diverts €21bn in existing EU funding commitments to a new European Fund for Strategic Investments (EFSI). Note, however, that of this €21bn, only €5bn will be solid capital, from the European Investment Bank (EIB): the remaining €16bn is a ‘guarantee’ that is in reality only backed up by €8bn in existing EU funds, taken from the Connecting Europe facility (already allocated for infrastructure investment) and the Horizon 2020 initiative (already allocated for research and development funding).

The EFSI will be managed by the EIB, and will be used to give loan guarantees and other inducements for the private sector to invest in projects. The Commission estimates that the Fund can achieve a leverage ratio of 15:1, thus providing a total of approximately €240 bn of financing for long-term projects (e.g. in infrastructure or research and development) and €75 bn of financing for SMEs and medium-size firms.

It is also useful here to reference the American Recovery and Reinvestment Act of 2009 (widely known as the Obama stimulus package), to illustrate what the Investment Plan is, and is not. While both aim to kick-start economic growth through creating a large amount of investment, the ARRA was explicitly designed as a form of Keynesian fiscal stimulus, with its primary aim being to sustain aggregate demand by both quickly creating jobs, and avoiding further layoffs. The Investment Plan is not only smaller, measuring only about 2.5% of EU GDP as compared to 4% of US GDP for the ARRA; rather, the Investment Plan, by focusing on medium- to long-term investments, is expected to have only

minimal short term effects on aggregate demand, and hence will do little to help short-term growth.

### Impact of Fiscal and Monetary Policy

More broadly, it is worth noting that the current investment gap in Europe, though partly due to a drop in private investment, has a lot to do with public policies, and a gap in public investment. In some countries, this is due to ideological obstinacy, such as the German aim of achieving a balanced budget in 2015, despite the German state currently facing its lowest ever borrowing costs. In fact, German total public investment stands at only 1.6% of GDP, with net public investment negative since 2003. While the German government does plan to devote an additional 0.05% of GDP (€1.25bn) per year to infrastructure in 2015-18, the IMF calculates it could devote up to *ten times* that amount, that is to say 0.5% of GDP annually, *without* breaking Stability and Growth Pact (SGP) or national-level rules on deficits.<sup>8</sup>

Nevertheless, in other countries such as southern Eurozone Member States, fiscal consolidation seems inevitable for the immediate future given the current EU framework. With the newly strengthened SGP and the threat of penalties, Member States with large public debt burdens will be forced to keep their budget deficits small and their fiscal policy tight, even if the Commission has shown willingness to be flexible by not counting certain forms of investment towards the budget deficit for SGP evaluation purposes.<sup>9</sup>

The European Central Bank's relatively subdued monetary policy of recent years, at least as compared to its peer central banks, is shifting to aggressive expansion: the ECB's new Quantitative Easing (QE) programme involves monthly purchases of €60bn worth of sovereign bonds and other assets until at least September 2016. However, because non-financial corporations in Europe are so reliant on bank funding (obtaining up to 85% of their total funding needs via bank loans), pressing down long-term interest rates in capital markets may not be as effective as in the US or UK. In fact, many economists suggest that the primary effect of the ECB's QE will be through the exchange rate channel, and through the psychological effect of improving market perceptions.



7 Source: Bruegel. <http://www.bruegel.org/nc/blog/detail/article/1486-measuring-eu-ropes-investment-problem/>

8 See most recent IMF Article IV consultation with Germany, <http://www.imf.org/external/pubs/ft/scr/2014/cr14216.pdf>

9 See [http://ec.europa.eu/economy\\_finance/economic\\_governance/sgp/pdf/2015-01-13\\_communication\\_sgp\\_flexibility\\_guidelines\\_en.pdf](http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/2015-01-13_communication_sgp_flexibility_guidelines_en.pdf)

## POLICY VISION

The Economy Workshop believes that:

### Improving the Investment Plan

1. Designing policies to close the investment gap requires, firstly, agreeing on its main underlying causes. Thus, it is useful to understand how the proposed Investment Plan might impact these proposed causes of the gap:
  - a. *Over-reliance on bank lending and poor bank health:* By providing an alternative funding channel to banks, the current Plan is a step in the right direction.
  - b. *Thin secondary markets:* By providing extra guarantees to investors, the Plan might improve the liquidity of investments, thus at least partly mitigating this problem.
  - c. *Low confidence:* by signaling political will and mobilizing resources, the Plan might lift expectations, thus improving the economic outlook.

On the other hand, the Investment Plan in itself does little to address “structural” problems. To the extent that these structural issues are a primary reason for investor reluctance, the plan’s success itself is at risk. These structural factors include high levels of debt, high political, regulatory, and economic uncertainty, and gaps in the governance, managerial, and operational standards in some EU countries. Therefore, concurrently with the Plan, European policymakers should make significant efforts to improve the investment climate and framework conditions, such as weeding out corruption, improving administrative efficiency, or combating tax evasion.

2. The Commission justifies the estimated size of the multiplier by reference to that seen in previous projects financed by the EIB or certain loan guarantee facilities for SMEs. However, it is unclear whether the new Plan, with its much larger proposed size, can achieve the same effect. To

10 See also <http://www.bruegel.org/nc/blog/detail/article/1498-the-achilles-heel-of-junckers-investment-plan/>

11 Similar points have been raised by commentators such as Frances Coppola and Charles Wyplosz.

12 For example, current statistics suggest much of the investment gap can be attributed to six countries: the UK, France, Greece, Spain, Italy, and Portugal.

effectively counter these criticisms, the Commission should provide a more detailed, more convincing model-based exposition of the Plan's anticipated multiplier effect.

3. The Plan will only be successful if it funds high-return projects without crowding out private investments. This is a very difficult task, as it requires both financial acumen and an ability to shoulder risk. An appointed "project selection committee" faces two sorts of dangers: it might choose projects based on politics or ideology, and might have a bias towards avoiding losses. Both of these behaviors would result in a suboptimal allocation of capital and lower returns on investment.

While we are happy to see that relative (political) neutrality of the project selection process has been ensured by allocating the task to EIB technical experts, this is not enough: for the Plan to live up to its promises, it must select projects with a *higher* multiplier effect than would have been the case for the Connecting Europe and Horizon 2020 funds from which the EFSI money has been allocated (that is, the Plan has a high opportunity cost). Here, we endorse Bruegel's recommendation to incorporate a clear and transparent evaluation process into the EFSI from the very beginning, to ensure that the projects it selects 1) do not replace already planned investment, and 2) provide the highest possible social return.<sup>10</sup>

4. At present, the plan lacks transparency and relies heavily on complex structured finance.<sup>11</sup> Multiple tranches and a combination of "real" funds with guarantees will make it hard to assess potential losses; this opacity raises questions of moral hazard and adverse selection. These problems might be amplified by leverage, the addition of multiple layers of derivatives, and/or reliance on securitization. The combination of a highly publicized investment plan and QE might cause "bubbly" valuations of assets; add a few layers of highly complex financial instruments, and the potential for amplification of trouble is set, as evidenced by the events of 2007-8.

We therefore think it would be prudent to reduce somewhat the leverage of the Plan. Given that additional funds to reduce the leverage ratio are unlikely to be forthcoming, this would probably mean revising the headline promised outcome of the Plan down somewhat from €315bn.

13 See for example: [http://ec.europa.eu/economy\\_finance/articles/consultation/pdf/bonds\\_consultation\\_en.pdf](http://ec.europa.eu/economy_finance/articles/consultation/pdf/bonds_consultation_en.pdf)

However, we believe it is preferable for the Plan to achieve a somewhat more modest target for sure, than to take on excessive amounts of leverage, or introduce a lot of extra risk and fragility, in an attempt to reach an extremely ambitious target figure. In exchange for a smaller nominal size, the EFSI could perhaps devote more effort to co-financing projects with Member States, a measure mentioned but not emphasised in current proposals; this could lead to as large a net effect as the current proposal, but with less leverage.

5. Clearly, the Plan should primarily aim to invest in countries where the investment gap is most acute, and hence the social return on projects is highest.<sup>12</sup> However, the plan also proposes soliciting voluntary Member State contributions to the EFSI, to increase its capacity beyond the initial EU funds. We expect that Member State governments will be reluctant to put additional money in the fund without knowing whether it will be reinvested in their own countries. Therefore, for these specific contributions only, (not the €21bn in base funding), we think project finance should be roughly allocated in proportion to contributions.
6. Finally, even under optimistic assumptions, the Investment Plan will still fall far short of bridging Europe's total investment gap. The advertised "total stock of investment", €315bn, is equivalent to only about 2.5% of the EU's annual GDP, and the €240bn that the Plan intends to spend directly on investments is only about 15% of the €1.5tn that the Commission identified in recent years as being a good estimate of the EU's total investment needs.<sup>13</sup> Concurrently with this Investment Plan, then, Member States and the Commission should place high priority on finding other ways to close the rest of the gap, such as pursuing more expansionary fiscal policy (*see below*).

### **Making Fiscal Policy Complementary, not Contradictory**

7. One way, indeed perhaps one of the few practicable ways at present, to work towards closing the investment gap involves more expansionary fiscal policy, and more national-level public investment. Euro area countries with fiscal space, notably Germany as well as others like Austria or the Netherlands, should take full advantage of the opportunity, rather than continuing retrenchment for ideological reasons. Increasing public

14 See <http://papers.nber.org/tmp/g4841-w20862.pdf>

investment in infrastructure (as recommended by the IMF) or in research and development promises to not only generate a long-term boost to GDP to countries who can afford to do it now, and contribute to closing the still gaping EU-wide infrastructure gap; it will also have positive spillover effects for southern European economies who cannot currently afford to invest much themselves.

8. There are ways to tweak fiscal and taxation policy that can stimulate private investment without worsening budget deficits, providing a foundation for growth in both the short and long term. To this end, we endorse Martin Feldstein's interesting proposal to increase the tax-deductible depreciation rate on new investments in plants and equipment, made revenue neutral by slightly increasing general corporate tax rates, thus incentivising firms to invest in new projects.<sup>14</sup>

### **Monetary Policy and the Banking System**

9. The European Central Bank should continue to do its utmost to ensure that its expansionary monetary policy reaches the real economy, i.e., actually spurs capital investment by non-financial corporations. Though its efforts to encourage the development of alternative means of financing for small and medium-sized firms, e.g. through proclaiming its intention of purchasing SME-loan-backed asset-backed securities as part of QE, are laudable, the ABS markets in Europe are still small, and this is unlikely to have much effect in the short term.
10. Rather, all focus must continue to be on the banks. If one measure, say targeted long-term refinancing operations (TLTROs) aiming to get banks to lend out more to SMEs fails, more measures should be tried, such as making the deposit rate for banks more negative. Though the ECB currently insists on keeping monetary policy and its new bank supervisory capacity separate, bank supervision could play an important role in improving the transmission of monetary policy. If the ECB notices that banks in a certain country are not able to lend out as much because they are weighed down by certain types of assets on their balance sheets, it could, for example, tweak its rules for collateral eligibility for banks from that country, or purchase that asset class as part of QE.

15 See <http://www.bruegel.org/publications/publication-detail/publication/403-the-blue-bond-proposal/>

16 See <http://www.nytimes.com/2011/08/22/business/german-leaders-reiterate-opposition-to-euro-bonds.html>

## Long-run Structural Changes

11. We consider it important to not only provide short term recovery options, but also a long-term vision to avoid future crises. European Stability Bonds represent a possible addition to the European Union's future toolkit. ESBs are essentially the Commission's version of Eurobonds: jointly and severally guaranteed sovereign bonds common to all euro area countries, with the nuance that the Commission proposal envisaged several variations of such bonds.

The first approach would completely replace national debt with jointly and severally guaranteed European debt (as many American commentators suggested); the second approach replaces national debt with joint and several obligations up to a certain threshold of the debt-to-GDP ratio (as in the Bruegel red bond-blue bond proposal);<sup>15</sup> and the third approach envisages several but not joint obligations for sovereign debt, but still sold under the name of "Stability Bonds." Though excitement over their possible introduction has faded since the original proposal by the Commission in 2011, largely due to German opposition, they remain a viable and potentially important option for the medium to long-term.<sup>16</sup>

12. With appropriate safeguards, ESBs could provide a source of more robust collateral for all banks in the euro area, easing the conduct of monetary policy. They would further lower financing costs for euro area Member States, while not bringing undue moral hazard if jointly and severally guaranteed bonds only partially substitute national debt.

Where we differ from the Commission is in noting the usefulness of Stability Bonds as a potential important source for the financing of public investment, once the Commission's current Investment Plan lapses. This would both provide an additional source of funding after the lapse of the initial Plan, and would also provide a source of trusted and stable debt servicing cash for the first round of maturities down the line.

13. Though the EU and euro area are now in a far less difficult and uncertain position than when Stability Bonds were first proposed, any joint liability would require a Treaty change, a political move that remains infeasible today or in the near future. Therefore, we propose that, in line with



the Commission's 2011 Green Paper, Stability Bonds be initially issued with several but not joint liabilities. At the same time, an outline for moving toward jointly and severally guaranteed bonds partially replacing national debt should be drafted (second approach), with a view to devoting a significant component of revenue to investment and infrastructure spending after the Investment Plan has ended. We do not believe a blue bond-red bond type proposal, given the partial and limited nature of the debt mutualisation it would involve, would require a full fiscal union to be effective.

### **Closing Thoughts**

- N. The most difficult fact to accept in facing the tremendous, intertwined challenges of the European stagnation and investment gap is the absence of a silver bullet solution. It will take long, difficult, and tireless work, ranging from tweaking the Investment Plan, modifying fiscal, and monetary policies to moving towards mutual obligations and EU-wide fiscal policy in the long term.

### **PARTICIPANTS' STRATEGY**

The participants of the Economy Workshop in order to realize their vision intend to:

- I. Encourage the EIB project selection committee to maximize multiplier effect of potential investments, and ensure the highest possible social return.
- II. Liaise with policymakers at the Commission, ECB, and in Member States to pressure them to adopt more expansionary fiscal and monetary policies.
- III. Write articles and papers arguing for the need for a directional shift in policy and a renewed focus on investment.

## PLENARIES

*I was glad I was able to participate at the ESC at Yale. Forward looking topics, good preparation, good organization, good interactions. A solid launching base for “European Horizons”*

—Pascal Lamy [7]

*The ESC 2015 at Yale was a keen initiative. The European Horizons think-tank will consolidate and focus the work of students in the US on the whys and wherefores of European integration. I hope that strong contact will be maintained by the students with senior practitioners of European Union law, economics and politics in order that the discussions in America remain grounded in actuality. The need for deeper mutual understanding across the Atlantic has seldom been greater than it is today. I am certain that European Horizons will make a good contribution.*

—Andrew Duff [8]

*The ESC was an extremely interesting meeting for me. I was impressed by how important European problems are for you. Many ideas were interesting and it would be good if the members of the European Parliament started working on them.*

—Karl Schwarzenberg [9]



*The ESC was a very good start of what is meant to be a long term project to develop new and decisive ideas for the future of the EU. The policy visions which were discussed show the beginnings of what a think-tank is expected to deliver. The main challenge – in order to become not just a platform where students can meet over EU issues but to form a place where truly new policy ideas are developed – will be to create continuity in the organization and to deepen the thinking and discussion. This is a real challenge, but worth every effort. Success!*

—Luc Peepkorn

*When we part today, ready to get active for “European Horizons,” we may all face the same question very soon. Why should we spend time thinking about the European Union when we live here, in the United States of America? Our location in the USA gives us a unique, and critical, understanding of our own vision for the United States of Europe. Half a century ago, Jean Monnet himself used his experiences in the USA to develop a bold vision for the EU. Starting today, let us do the same.*

—Igor Mitschka [10]





## AFTER ESC

The ESC was an interesting experience for me. The papers were excellently prepared and the contributions in the vivid discussions were colorful and full of content. The think-tank is an interesting challenge! I think you shall concentrate on building bridges between Europe and the US. Do not forget to look at overarching global challenges, because nearly everything has a broad global aspect attached, especially in science and research but also in the economy and last but not least in politics. Also, there needs to be cooperation among the generations, because not every experience has to be made a second and third time.

—**Erhard Busek** [11]

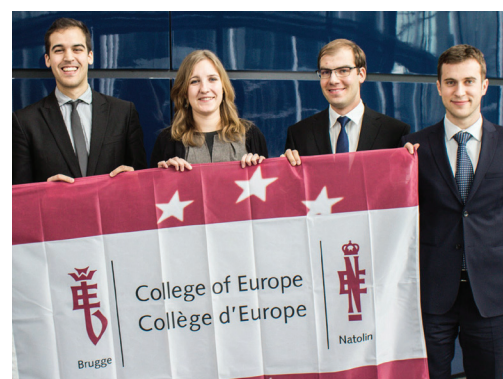
I envision “European Horizons” to become a point of reference for students and young professionals in the USA, aiming for a better and more integrated Europe. European Horizons will also have the role of encouraging young Europeans to get more involved in the European dream. It should become a network of Europeans who want to influence European Institutions and propose ideas for a better Europe. I will be happy to further contribute to this project because I believe in it. This is what Europe needs. And it is nice to share work and ideas with people speaking with their heart.

—**Giorgio Mariano**, Sponsorship Officer



I envisage “European Horizons” to find, foster and connect the future thinkers and leaders of Europe. Our unique advantage is to have access to a certain kind of European – those who, by fortune, talent and hard work, have found their ways into the best universities of the world, here in America. European Horizons will bring these people together, with a specific and two-fold purpose: to forge shared visions for the future of Europe around which they can unite, and to connect them to each other both today and tomorrow. This purpose is derived from a long-term vision: that in ten, twenty or thirty years, when these young students have become politicians, policy-makers, professionals, journalists, scientists, entertainers, entrepreneurs, or yet something else across Europe and indeed the world, they will still be unified by the aspiration to make Europe a better place; and that they will then have the network required to act on this ambition.

— **Max Krahe**, Coordinator of the Workshop “Identity”



## Policy-papers of the Democracy workshop

- 17 Authors' calculations from official UK elections data: <http://www.electoralcommission.org.uk/our-work/our-research/electoral-data>. Details provided in the Appendix.
- 18 <http://ukpollingreport.co.uk/voting-intention-2>.
- 19 The elections to the EP are governed by the Act concerning the election of the representatives of the European Parliament by direct universal suffrage, annexed to Decision 76/787/ECSC, EEC, Euratom ('the 1976 Act'), as amended by Council Decision 2002/772/EC, Euratom of 25 June 2002 and 23 September 2002. The 1976 Act stipulates that the MEPs shall be elected on the basis of proportional representation, using the list system or the single transferable vote. Member States may authorise a preferential list system and/or establish constituencies (without generally affecting the proportional nature of the voting system). Member States may enact a (national) threshold of up to five percent. Subject to the provisions of the 1976 Act, the electoral procedure is governed in each Member State by its national provisions (which shall not affect the essentially proportional nature of the voting system).

At the ESC 2015, the Democracy workshop examined the larger topic “Democratic Participation in Europe.” Students drafted policy-papers about: European Citizens’ Initiative, Reform of the Elections to the European Parliament, Reform of European Political Parties, and Responding to the Anti-Democratic Behavior of Member States. All policy-papers are available in the first edition of the “Review of European and Transatlantic Affairs.” In the following, we publish the “Reform of the Elections to the European Parliament” policy-paper to give you an understanding of the workshop output.

**WORKSHOP:** How do we increase democratic participation in Europe?

**TOPIC:** Reform of the Elections to the European Parliament

**SUBMITTED BY:** Colleen Driscoll, Thomas Streinz, Quentin Dishman, and Jonas Bedford-Strohm

### OBSERVATIONS

The Democracy Workshop observes the following:

1. Despite the presence of spitzenkandidaten in the elections to the European Parliament (EP) in May 2014, this personalization of the campaign did not materialize in increases in voter turnout. In fact, in many countries, turnout declined to record low levels. With turnout levels remaining low or declining, there is a clear need for greater participation in European affairs by ordinary citizens to increase the democratic legitimacy of EU institutions. Moreover, the question of low turnout implicates the representation of the voice of EU citizens in Parliament, as we see higher vote shares among euroskeptic parties as abstention grows.<sup>17</sup> We find that in thirteen polls taken within a week of the May 2014 elections, the UK Independence Party was supported by 14.3% of the British public on average. The election returns, however, gave UKIP 26.6% of the vote, almost double the support that polls predicted.<sup>18</sup> We attribute this discrepancy in voting behavior and its consequences in representation of EU

20 The Committee on Constitutional Affairs with MEP Andrew Duff as rapporteur proposed in 2011 to add 25 MEPs to the EP to be elected from a single, pan-EU constituency. See the Duff Report, A proposal for a modification of the Act concerning the election of the Members of the European Parliament by direct universal suffrage of 20 September 1976 (2009/2134(INI)), A7-0176/2011. The 2013 proposal for a new “Fundamental Law of the European Union” by the Spinelli Group and the Bertelsmann Stiftung builds on this effort. It foresees that each citizen shall have two votes, one for the election of MEPs in the respective Member State and one supplementary vote for selecting MEPs from a European-wide list (see Article 5(4) of the proposed Protocol on Seat Apportionment and Electoral Procedure of the European Parliament which would replace the 1976 Act).

21 Fenno, R. (1977). “U.S. House Members and Their Constituencies.” *American Political Science Review* 71:3 883-917.

citizens in the EP to the lack of a sufficiently strong electoral connection between the EU and its citizens.

2. We see increasing levels of support for anti-EU parties across the Union, which may be attributed to the lack of information or misinformation concerning the workings of the EU. Without a strong communication network between the institutions of the EU and its citizens, euroskeptic politicians will continue to dominate the conversation on many European issues.
3. There is no comprehensive European law that governs the elections to the EP. European law only provides a vague framework, giving Member States discretion to enact national voting laws for the elections to the EP.<sup>19</sup> This creates a number of significant distortions and contributes to the fact that the elections to the EP are not treated as meaningful European elections but rather serve as a tool to express discontent vis-à-vis the national government. The EU Treaties allow for the enactment of a uniform procedure to elect the members of the European Parliament. Article 223 of the Treaty on the Functioning of the European Union (TFEU) empowers the European Parliament to make a proposal. To make it law requires an unanimous decision by the Council, the consent of the European Parliament (with the majority of its component members) and subsequent approval by the Member States according to their respective constitutional requirements. Regrettably, not even the first step — a formal proposal by the European Parliament — has been taken so far. Various drafts have been circulated but none has been able to attract enough political support.<sup>20</sup>

## POLICY VISION

The Democracy Workshop believes that:

1. The European Union should reform the elections to the EP to bring it closer to the people. Literature in comparative politics shows that members with a specific geographical constituency not only advocate for their constituents interests, but also provide a key link from their districts to the national government and bureaucracy.<sup>21</sup> By cultivating this electoral connection at the district level, citizens may feel that they have more of a European identity than at present.



22 Belgium, France, Ireland, Italy, Poland and the United Kingdom

23 Overhang arise when a party is entitled to fewer seats as a result of party votes than it has won constituencies, or vice versa.

2. Because of the benefits from single-member districts on the expression of district interests at the national level, we believe the EU should implement a system of mixed member proportional representation (MMP). While some member states<sup>22</sup> currently assign their members of the European Parliament (MEP) by constituency, our proposal envisages single-member districts whose representatives will be elected by a majority of district residents, not plurality, as is currently the case. Elections would thus be in two rounds: in the first, one vote is for a party to determine proportionality and another for the district representative. In the second round, the two candidates with the highest vote share (provided that there was no outright majority win in the first round) face off and one wins the seat. The eventual winners would have a more robust mandate than under the current system.
3. In designing the districts, emphasis should be placed on making the ratio of MEP to constituents as equal as possible. By focusing on equal-population districts, the EP will seem to its citizens as a more egalitarian institution, one that better represents the views of its citizens. Currently, an MEP in Malta has nearly twelve times the influence, measured by the number of residents she represents, than a MEP from Germany. While the merits of allotting representatives irrespective of state size are strong, the effects of the disproportionality on sentiments of democratic deficit across the EU are too great to ignore. Setting aside one third of the membership of the EP (250) for single-member districts that are as evenly distributed as possible, with a minimum of one district in each member state, we propose the allocation of districts by member state in the table found in the Appendix.
4. As the Lisbon Treaty mandates no more than 751 MEPs, no leveling seats can be added in the case of overhang.<sup>23</sup> The likelihood of this possibility should thus be minimized to retain proportionality, which we believe is the case in our model. Moreover, the allocation of seats by member state also remains the same. Therefore, while an electoral connection will be created, the current strength of each state will not be reduced.
5. While gerrymandering plagues many countries that hold district-based elections, this problem can be addressed by setting clear and common guidelines for the drawing of the district maps and by requiring approval by the European Commission after each member state has drawn up its



district map. This check should ensure that district maps are as nonpartisan as possible.

6. Introducing a system of mixed member proportional representation should be the cornerstone of a comprehensive EU election reform that includes uniform rules on party thresholds, minimum voting and mandate ages, and election dates. Introducing voting districts to directly elect a certain number of representatives reduces the (perceived) need for thresholds. They should be eliminated to give smaller parties a fair chance to win a seat in the European Parliament and to defeat the foreseeable allegation that our reform is directed against euroskeptic parties. Furthermore, there is no need for member states to control the age limits, which should be fixed across the EU at 16 (voting) and 18 (standing to vote) respectively. The elections should be held at a single date which could be the Sunday following 9 May (Europe Day), with runoff elections the following weekend. All European citizens should vote on the same day according to the same rules to elect their representatives to the European Parliament. Eventually, Europe Day will not longer be a day just for commemorative speeches but the most important event in European politics.

## **PARTICIPANTS' STRATEGY**

The participants of the Democracy workshop will undertake the following to realize their vision:

1. By engaging with election experts at universities and think tanks, we will solidify the number and size of districts to make the plan more robust. Moreover, we may poll EU citizens on their views of this proposal to gauge their support. If citizens feel that their voices are being heard in possible reforms of EU law, they may be more receptive.
2. In opening communication with our contacts present in Brussels as well as in the member states, we will prepare a strategy for disseminating our plan up the ranks to the most important policy makers and party leaders. We will also prepare press briefings on the proposal and attempt to establish partnerships with key journalists writing on matters of the European Union.

3. Meet with MEPs and party chairs to discuss their possible concerns regarding this plan. Under this framework, district representatives would tend to be from centrist parties, which may irk smaller parties. In opening the dialogue, however, the policy can only be improved.
4. We will set up a cooperative initiative with ESC's new think tank to create public momentum and increase political leverage on the matter. While our proposal could be enacted on its own, it could also become part of a more sweeping reform of the EU governance structure. In any event, our proposal shall become reality before the next European elections in 2019.

## APPENDIX

### Apportionment of Districts for the European Parliament

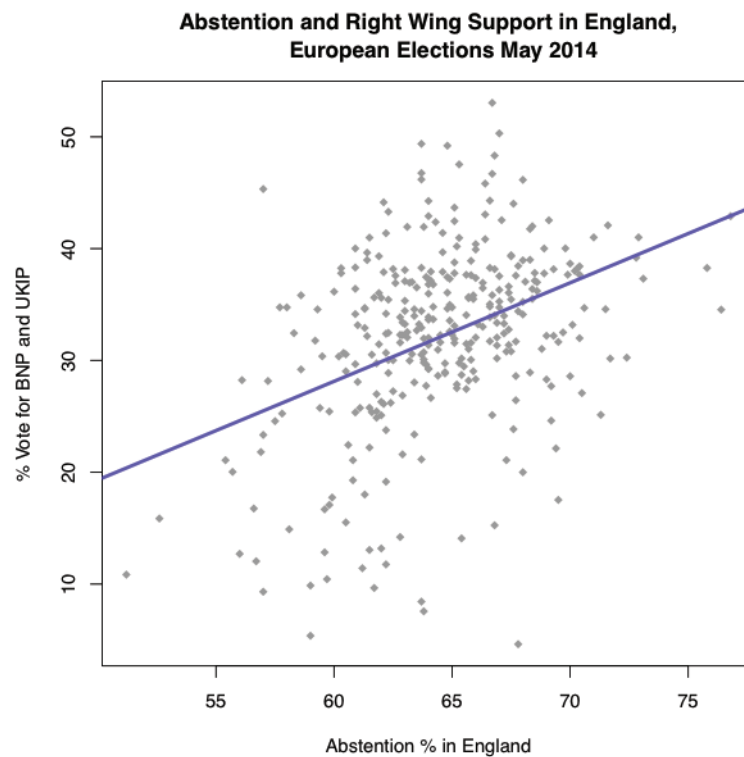
Member state	Districts	At-large MEPs	Total MEPs	Inhabitants per district (millions)	Districts / Total MEPs
Germany	39	57	96	2.067	0.41
France	32	42	74	2.063	0.43
Italy	29	44	73	2.063	0.40
United Kingdom	31	42	73	2.068	0.42
Spain	23	31	54	2.055	0.43
Poland	18	33	51	2.141	0.35
Romania	10	22	32	1.996	0.31
Netherlands	8	18	26	2.100	0.31
Belgium	6	15	21	1.867	0.29
Czech Republic	5	16	21	2.104	0.24
Greece	5	16	21	2.226	0.24
Hungary	5	16	21	1.979	0.24
Portugal	5	16	21	2.092	0.24
Sweden	5	15	20	1.919	0.25
Austria	4	14	18	2.119	0.22
Bulgaria	4	13	17	1.816	0.24
Denmark	3	10	13	1.871	0.23
Finland	3	10	13	1.813	0.23
Slovakia	3	10	13	1.805	0.23
Croatia	2	9	11	2.127	0.18
Ireland	2	9	11	2.298	0.18
Lithuania	2	9	11	1.478	0.18
Latvia	1	7	8	2.013	0.13
Slovenia	1	7	8	2.060	0.13
Cyprus	1	5	6	1.141	0.17
Estonia	1	5	6	1.325	0.17
Luxembourg	1	5	6	0.543	0.17
Malta	1	5	6	0.423	0.17

Population data: World Bank (2013).

OLS regression of vote shares of UKIP and BNP in England on the abstention rate, European elections May 2014:

<i>Dependent variable:</i>	
bnp.ukip.pct	
abstention	0.881*** (0.113)
Constant	-24.735*** (7.298)
Observations	328
R <sup>2</sup>	0.157
Adjusted R <sup>2</sup>	0.155
Residual Std. Error	7.673 (df = 326)
F Statistic	60.802*** (df = 1; 326)

*Note:* \*p<0.1; \*\*p<0.05; \*\*\*p<0.01



## Policy-papers of the Identity workshop

At the ESC 2015, the Identity workshop examined the larger topic “Social Solidarity in the EU.” Students drafted policy-papers about: Importance of European Identity, The Role of Institutions in Determining European Identity, The Gap Between the EU and its Citizens, Understanding Economic Solidarity, and Human Rights. All policy-papers are available in the first edition of the “Review of European and Transatlantic Affairs.” In the following, we publish the “The Gap Between the EU and its Citizens” policy-paper to give you an understanding of the workshop output.

**WORKSHOP:** Upon what can we build European solidarity and identity?

**TOPIC:** Closing the gap between the European Union and its citizens

**AUTHORED BY:** Antoine Sander, Luisa von Richthofen, Stacey Gorski Spring, and Huan-Kai Tseng

### OBSERVATIONS

The Identity workshop observes the following:

1. Citizens of the European Union today see the European Union and its institutions as disconnected from their daily concerns. A mere 39% of citizens see the EU as “conjuring a positive image” (Eurobarometer, 2014), and several scholars have observed that greater support of the EU is found among people who hold even a low degree of identification as European (Risse-2010, Citrin and Sides-2004, Fuchs et. al-2009). Often identification with Europe is stronger in those who have more interactions throughout Europe (Risse-2010) and in Eurobarometer polls, 41% of respondents agreed that stronger social welfare would increase their “feeling” of being a European citizen (Eurobarometer, 2013).
2. The European Union is present in the lives of citizens as a regulatory body, implementing norms and restrictions. It does not, at least not visibly, improve citizens’ living conditions on the micro level.

3. The European Union does not make its achievements sufficiently salient.
4. EU citizens may be inclined to think their employment options are limited to opportunities within their own country; more than 60% of youth are willing to move or study abroad (Youth on the Move-2011).

## POLICY VISION

The Identity workshop believes that:

5. The European Union should enhance its image by better showcasing its involvement in projects in order to foster greater loyalty to EU-funded projects and programs; while programs for youth should be further developed and implemented.
  - i. Current infrastructure projects often feature signage recognizing the EU's financial contributions. Further recognizable use of the EU flag should be incorporated into work sites so that workers and those observing the projects should have greater association between the progress being made or services provided and the EU's financial contributions.
  - ii. The EU could launch something akin to FDR's New Deal programs that put American youth in the Great Depression into residency in more rural areas in order to complete public works projects. Rather than simply funding projects through the member-state and having them hire local contractors, the projects should be completed by groups of young, unemployed workers. These groups should be purposefully mixed between domestic workers and those who hail from other EU countries on short-term projects. The idea would be to reach two goals at once: employ the highest unemployed group and foster connections among people so as to enhance a unitary European identity.
  - iii. Similar ideas could include creating a EU version of CityCorps, AmeriCorps, Teach-for-America, and/or Senior Corps. The first three programs would consist of people from age 15-30.



Applicants would apply to work anywhere in Europe in their given trade or area of interest. They would be placed based on language skills (or after being granted language training). Some projects provide housing and all workers are paid a living wage (roughly \$28,000-33,000 depending on location). CityCorps and AmeriCorps coordinate projects including child care, primary school instruction, health care aid work, and mentoring to students in low-income areas. SeniorCorps is designed as a volunteer program for pensioners; participants in this program would do short-term visits abroad or provide services in the role of foster grandparents or companions to other seniors. These programs should be EU-sponsored instead of member-state sponsored. Simple modes of identity, again, would be helpful—such as shirts with an EU logo—something that identifies participants as part of a European-wide program.

6. The EU should make the European Job Mobility Program portal the most accessible platform on which citizens all around Europe can share the common labor market created by freedom of movement; it should work to advertise the program across Europe through all necessary means, like subsidizing employers to recruit through the portal or requiring them to post the offer on this portal before they post it elsewhere. This also entails increased cooperation among member states through EURES to retrieve as many offers as possible. The EU could potentially work in cooperation with national job services to retrieve their offers and make them available to the larger European population.

The current Europass CV is a great initiative that must be at the core of this new project. Europass should allow CVs from all around Europe to be read by anyone in his own language. In other words, the portal must work with the unitary Europass format and automatically translate CVs in the language of the employer. Finally, the EU should also advertise this portal on media platforms such as television and newspaper to extend this program's reach to population without much access to Internet.

This portal should become one of the main references for job seekers around Europe. If the employment opportunities listed on the portal are

abundant enough, we would hope that the portal can become part of European citizens' daily lives. Given the current unemployment situation, this portal can enable mobile workers to export their skills and build a new life in another European country. Moreover, it could make the Youth Guarantee program a reality enacted not by individual states, but rather by the EU herself.

The portal should provide practical information about the implications of moving to another country within the EU. The “Freedom to Move and Live in Europe” document available online already provides useful information about the rights of EU citizens, but the idea would be to provide specific information about individual member states, making the transition easier.

Generally, the EU should try to implement every possible measure to facilitate intra European migrations and provide unemployed youth with the opportunity to build anew in another member state. Such exchanges would help make the European job market more flexible, provide citizens with more employment opportunities, better the EU's image, and unify further the European community. Creating the Erasmus of the job market should thus be a priority of the European Union.

7. The EU should stimulate the development of EU sponsored cultural institutions, so called “Houses of Europe”. It should create a tight network of European cultural institutes in the European capitals. These institutes should promote common cultural frameworks (a sense of common European cultural identity, enhanced cooperation in the domain of culture - visual arts, cinema, music and the like), multilateral European projects in the sector of culture and easy access to services in the domain of language acquisition . The role model for these European institutes should be such institutions as the Goethe Institut, the Alliance Française, British Council, Instituto Cervantes and the like, with whom the European institutes could consider collaborating in synergy.

These institutes would be responsible for sponsoring and organizing:

1) Cultural events:

- a) Enhance the promotion of European multinational projects in the domain of culture (eg: multi-national “macaronic” cultural productions—films, European culture festivals e.g Frankfurt Book Fair)—Creative Europe project: [http://ec.europa.eu/programmes/creative-europe/index\\_en.htm](http://ec.europa.eu/programmes/creative-europe/index_en.htm)
- b) Free European study trips and seminars for a young public (Eg: 5 days with workshops and activities in another European country. Depending on the country: 500 € to 1000 € per trip. We are aiming at an initial number of ca. 300 participants.), or more generally, schools could take advantage of new technologies to increase non physical cross-national student exchanges.
- c) Cultural events related to European topics (exhibitions, seminars, lectures).

2) Languages of the European Union:

- d) Language classes (also e-learning courses),
- e) Diploma preparation,
- f) Translation work.

3) Education about European Issues

- g) Europe seminars for educators (European studies in elementary schools and high school)

The institutes would be firstly implemented in all capitals of the EU, and then in every major city of the EU. If the work of these institutes turns out to be successful, it could possibly be extended to EU candidate countries, though the targeted audience should be foremost European citizens from inside the Union.

## **PARTICIPANTS' STRATEGY**

The participants of the Identity workshop in order to realize their vision intend to:

11. Make the recommendations issued in this brief public and help promote—through advocacy group, internet forum, and online petition—the ideas put forward by the Identity workshop to their respective governments.
12. Advocate among graduate students based in either the U.S. or Europe to publish policy papers forwarding these potential programs and ideas.
13. Write newspaper articles—either in student publications, online, or in the broader media—advocating these expansions of interest.

# Thank you

We would like to take this opportunity to thank all the individuals, institutions and companies that have made this project not only possible, but a real success:

## **Our ESC team**

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## **Our graduate advisors**

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## **Our sponsors**

American Council on Germany, Amtrak, BMW Stiftung, Council on Middle East Studies at the MacMillan Center (Yale University), Cowles Foundation for Research in Economics at Yale, Department of Germanic Languages and Literatures (Yale University), Department of History (Yale University), Department of Slavic Languages and Literatures (Yale University), Department of Spanish and Portuguese (Yale University), European Studies Council at the MacMillan Center (Yale University), Hellenic Studies Program at the MacMillan Center (Yale University), Jackson Institute for Global Affairs, Leadership Development Program at Yale School of Management, Offices of the Yale College Dean and Yale University President, and Undergraduate Organizations Committee (Yale University).

## **Our professors and advisors**

**The European Commission for the Jean Monnet Project grant of the Erasmus+ Programme**

**The Yale School of Management, and especially David Bach, Senior Associate Dean for Executive MBA and Global Programs.**

## Media Coverage

### PAN EUROPEAN NETWORKS



*Yale to host EU student conference*  
02/04/2015

European students enrolled in American universities will convene at Yale University's School of Management on 13-14 February to discuss the future of the EU, their personal contributions to a more successful Union, and to form an on-going student think-tank, known as 'European Horizons'.

### EURACTIV



*Young people, take the floor for the TTIP*

02/03/2015

Since TTIP will set rules for decades to come, it is our generation that has the biggest stakes in the game. Bringing together trade experts and political heavyweights such as Pascal Lamy, Ignacio-Garcia Berceo, David O'Sullivan, Wolfgang

Petritsch and Karl Schwarzenberg with young scholars from all across the United States, the "European Student Conference" (ESC) at Yale strives to develop policies for the future of the European Union – for its democracy, borders, economy, internal solidarity, and for a beneficial TTIP. Funded by the European Commission, the sustainable impact of the student-driven conference will be a novel think-tank based at Yale. We decided to name this think-tank "European Horizons," as it will have university chapters spanning from the Atlantic to the Pacific and will devote student thought to conceptualizing the future of the European project from a – productive – distance.

*Ambassador O'Sullivan: No need to panic or fret over TTIP*

02/16/2015

- On Euractiv.com, student participants in the ESC, together with former Ambassador Wolfgang Petritsch, have called for youth on both sides of the Atlantic to take a constructive lead in the current TTIP debate. What role is there for youth?

- Youth are tremendously important in sustaining and growing the transatlantic relationship. Ever-increasing levels of commitment by successive generations have brought us to where we are now,



and the role of the Millennials is and will be to make sure the relationship continues to broaden and deepen. In the specific context of TTIP, it's important that all groups of stakeholders make a constructive input to the debate. There's too much misinformation out there at the moment, so we need the youth to pitch in, air their views and make informed decisions based on real facts. And the real facts are that TTIP, whatever form it finally takes, will bring tremendous benefits to the US and European economies, and to the world as a whole.

[...]

The great thing about the Yale conference is that a new generation of young Europeans are starting to think about the Europe they want in the 21st century. Each generation needs to reinvent the relevance of the European project. The enthusiasm and commitment of these young students is infectious.

#### YALE NEWS

## Yale NEWS

*European Students and Leaders convene at Yale to examine EU horizons*

02/04/2015

The think-tank “European Horizons” will take up the novel policy recommendations emerging from

the conference and ensure further elaboration and dissemination among students, scholars, and policymakers. The president of the ESC, Igor Mitschka, emphasized the significance of this new project, “European students in the USA feel more European than anywhere else, and yet we rarely transform this feeling into palpable political commitment for the EU. Our project is the first step toward making students in America devote time, ingenuity, and action toward the development of the EU.”

#### BLOOMBERG

## Bloomberg

*‘European Horizons’ think-tank launched at Yale student conference*

02/18/2015

Students discussed and refined their recommendations with policy-makers from the EU, including Pascal Lamy, Lapo Pistelli, Karel Schwarzenberg, Andrew Duff, Wolfgang Petritsch, and Erhard Busek, as well as other representatives of EU institutions, business and politics. These advisers also worked with students on how to utilize European Horizons to strengthen the debate and commitment to the EU at American universities.

In announcing the new think-tank, the steering committee said: “We set out to open up chapters at universities across the USA and will link students, scholars, and young professionals with one another in our ongoing endeavor to develop our visions for the future of the EU and its role in the world.”

### HURRIYET DAILY NEWS



*European Horizons at Yale University*  
02/19/2015

*By Aisenour Bitsen*

The conference, financed by several sponsors and the European Commission through a generous Jean Monnet award, gathered students to develop visions and strategies to combat challenges the EU currently faces in five dimensions: the economy, transatlantic relations, identity, borders and democracy. Some of the questions the workshops tackled were:

- How can the EU balance the moral responsibility of helping immigrants with the objective to control irregular immigration?
- In light of the current negotiations on the Transatlantic Trade and Investment Partnership

(TTIP), how do we pursue establishing a robust and beneficial transatlantic relationship?

- What tangible steps can the EU take to improve the outlook for young Europeans, with a specific focus on the role of digital economy?
- In the 2014 EU election, Eurosceptic and extreme nationalist parties have risen across Europe. What are the underlying reasons and possible solutions regarding this development?
- What unites the members of the European Union, particularly when it comes to social solidarity and human rights? Are there any shared characteristics, whether societal, economic, or political, which can ground a so-called common European identity?

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## Dear Reader,

The European Student Conference 2015 was a great success that has made its way into several top tier media (Bloomberg and the Huffington Post) and Yale publications (Yale Daily News and Yale News). Undoubtedly, a great deal was achieved this past year. But even more must be done in the coming year, so that we can transform European Horizons from an innovative, yet elusive idea, into a ground-breaking and tangible reality.

European Horizons was born out of our desire to foster a discourse on the future of the European Union here in the United States of America. It aims to create a network of students, scholars, professors, professionals, and policy-makers who will be united by their commitment to the European ideal. By bringing together people with diverse backgrounds from academia, politics, business, and civil society, we hope to build a unique think-tank that will be able to raise awareness about Europe in the United States and participate actively in policy debates on the future of the European Union.

In particular, European Horizons will focus on defining European identity, modernizing and reforming the concept of the social market economy, and advancing the cause of European integration. These are subjects that European Horizons believes are critical for the survival and progress of the European ideal in the years to come.

European identity must cease to be an abstract notion with only sentimental relevance for European citizens. Instead, it must morph into a concrete statement of European character that complements rather than supplants national identities. European identity must serve as the unifying fabric of the European Union that rallies Europeans to participate in democratic procedures and view Europe as their political as well as cultural project.

The social market economy constitutes a cardinal principle of the European ideal. It serves as bright evidence of Europe's commitment to the productivity and efficiency of the free market system, whilst also acknowledging the need for a welfare state and a reliable regulatory framework that will ensure that fairness and human dignity are respected. The social market economy today is beleaguered by a new global economic reality, which imposes new

responsibilities upon businesses, societies, and governments. Europe must implement reforms that will ensure that European businesses remain competitive in world markets and that will guarantee that the welfare state will remain sustainable and supportive of those in need.

European integration is the ultimate cause of the European ideal. Although the European Union is undeniably a Union of sovereign nation-states, it is also a Union that believes in convergence and harmonization in key areas. Indeed, in a world in which emerging economies, the United States of America, and China are increasingly developing strong poles of influence, only a united Europe can aspire to exercise an independent foreign and defense policy. Immigration flows, global terrorism, and energy brinkmanship are challenges that cannot be addressed by any single state on its own. They require a collective response that will be comprehensive, united, and European.

Through our ideas, we hope to explore a new Horizon for the future of the European project.

Sincerely,

**Olga Karnas & Nasos Abuel**

*Executive Directors of European Horizons*







