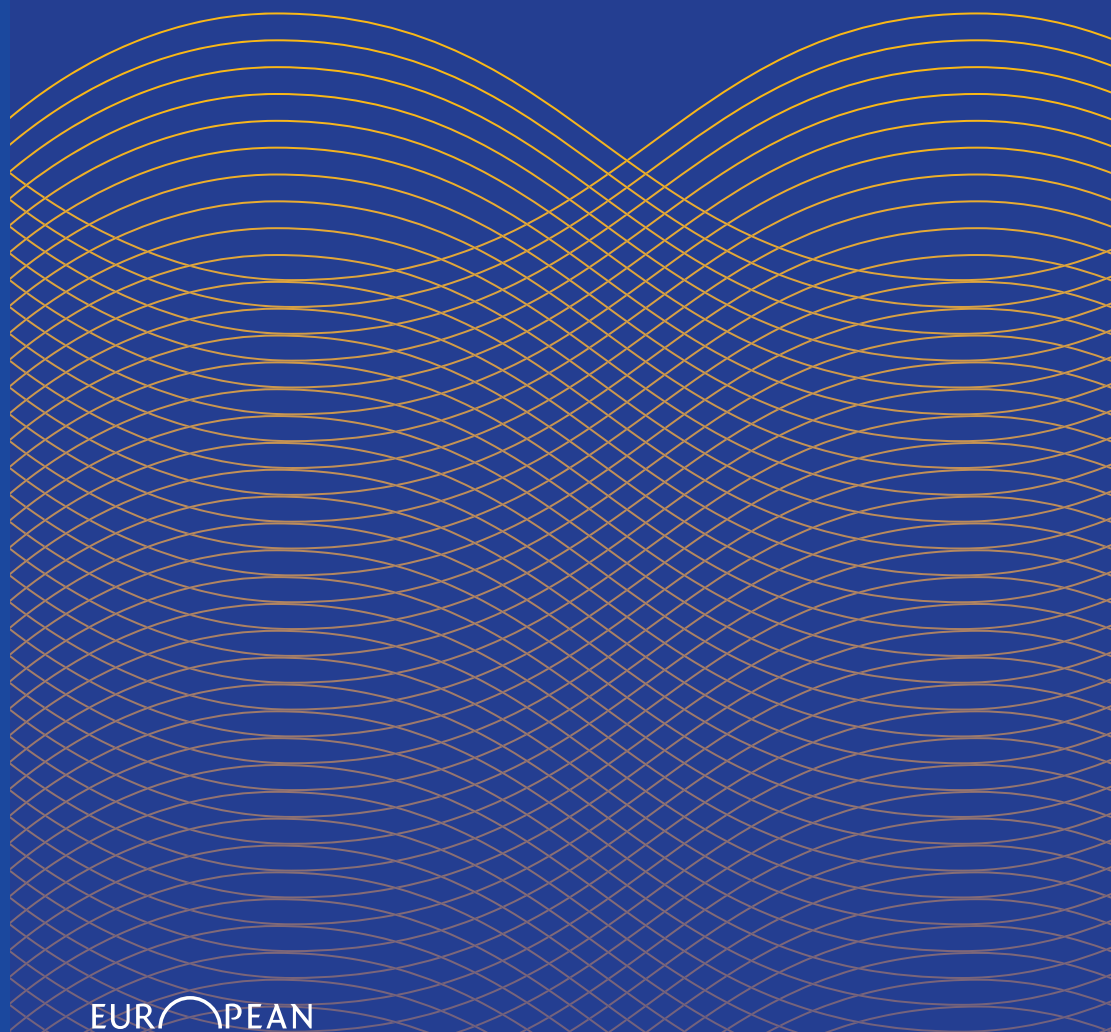


REVIEW OF

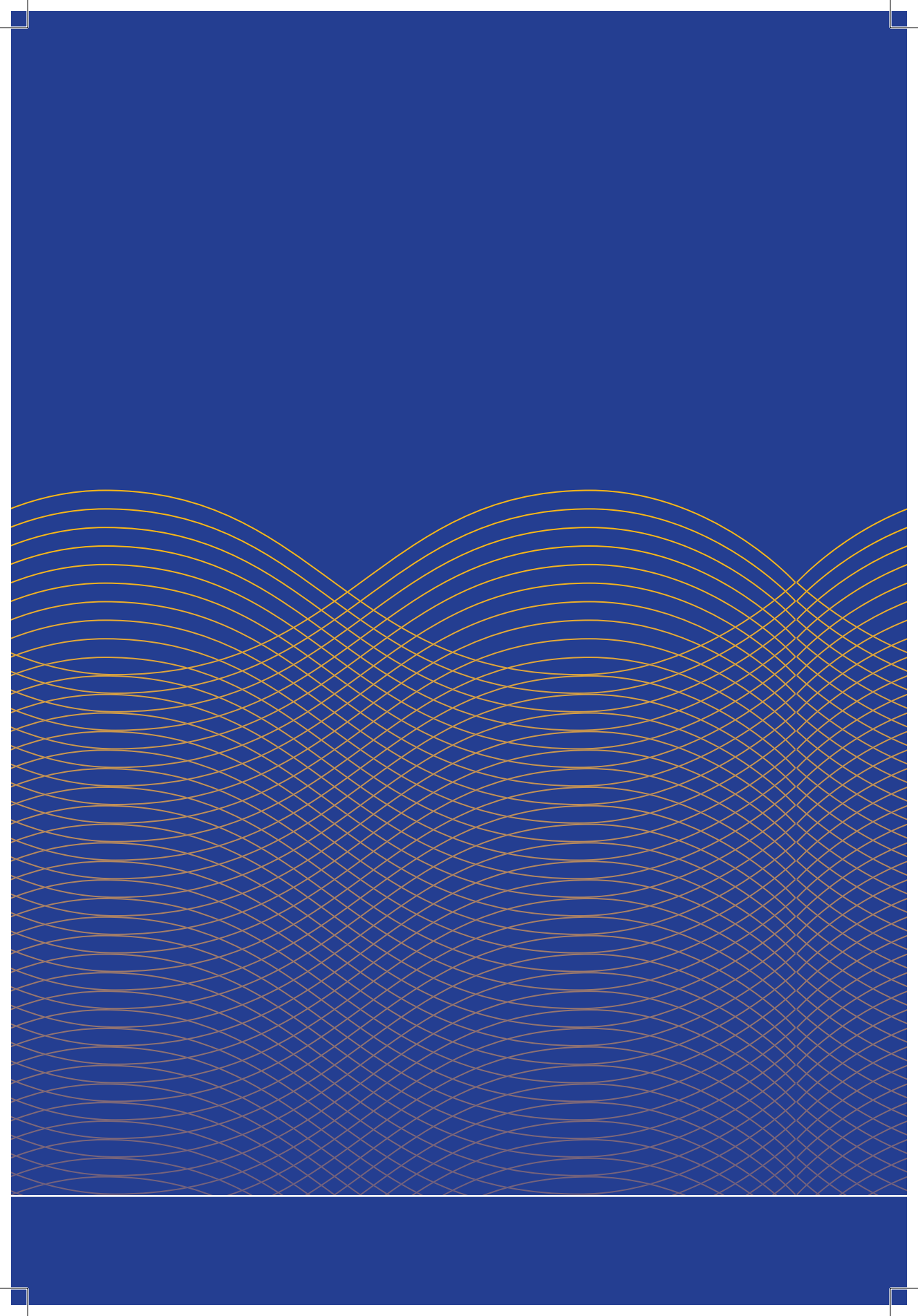
European & Transatlantic Affairs



EURPEAN
HORIZONS

VOLUME I ISSUE 1

SPRING 2015



REVIEW OF

European & Transatlantic Affairs

VOLUME I ISSUE 1
SPRING 2015

REVIEW OF
European & Transatlantic Affairs

VOLUME I ISSUE 1
SPRING 2015

ISSN 2378-2641 [PRINT]
ISSN 2378-2684 [WEB]

EDITORS-IN-CHIEF

Paul Linden-Retek
Philipp Kotlaba

MANAGING EDITOR/
JOURNAL COORDINATOR

Aisenour Bitsen

COPY EDITOR

Martin Lim

LAYOUT EDITOR

Vincent Tanutama

COVER DESIGN

Loide Marwanga

Review of European & Transatlantic Affairs is a
semesterly publication of European Horizons.
www.europeanhorizons.org

This publication contains the collective views of
an international group of students and experts and
does not necessarily represent the views, decisions, or
the stated policy of European Horizons and the
European Union.

Printed in the United States of America,
with the support of the ERASMUS+ programme of the
European Union.

TABLE OF CONTENTS

INTRODUCTORY REMARKS

1. 1.	Letter from the Editors-in-Chief Paul Linden-Retek and Philipp Kotlaba	1
1. 2.	Letter from the Executive Directors Olga Karnas and Nasos Abuel, Managing Editor/Journal Coordinator Aisenour Bitsen	4
1. 3.	Letter from the Ambassador of the European Union to the United States <i>David O' Sullivan</i>	6

IDENTITY

2. 1.	The Institutions of Identity	8
2. 2. 1.	The Importance of Identity	12
2. 2. 2.	Response to 2. 2. 1. <i>Simon Glendinning</i>	19
2. 2. 3.	Response to 2. 2. 1. <i>Stefan Simon</i>	22
2. 3. 1.	Closing the Gap Between the European Union and its Citizens	26
2. 3. 2.	Response to 2. 3. 1. <i>Jan Truszczyński</i>	31
2. 4.	Identity and an Economic Narrative?	34
2. 5.	Identity and a Human Rights Narrative?	39
2. 6.	Response to 2. <i>Erhard Busek</i>	44

BORDERS

3. 1.	Securitization of Migration	46
3. 2.	Unification of Migration Policy	50
3. 3.	Integration	54
3. 4.	The European Neighborhood Policy	59
3. 5.	Response to 3. <i>Achim Ladwig</i>	63
3. 6.	Response to 3. <i>Jolyon Howorth</i>	65

TRANSATLANTIC RELATIONS

4. 1.	Customer Protection	69
4. 2.	Transparency and the Negotiating Process	75
4. 3.	An Energy Chapter in the TTIP Agreement	80
4. 4. 1.	Harmonizing Regulations and Standards	86
4. 4. 2.	Response to 4. 4. 1. <i>Pascal Lamy</i>	92
4. 5.	Investor-State Arbitration	96

ECONOMY

5. 1.	Closing the European Investment Gap and Implications for Fiscal & Monetary Policy	103
5. 2.	Access to Capital	112
5. 3. 1.	The Future of Education in Europe	118
5. 3. 2.	Response to 5. 3. 1. <i>Luc Peeporkorn</i>	124
5. 4. 1.	The Role of Technological Hubs of Innovation in Advancing the Digital Economy in Europe	126
5. 4. 2.	Response to 5. 4. 1. <i>Richard Tufft</i>	133

DEMOCRACY

6. 1. 1.	EU Response to Antidemocratic Behavior of Member States	136
6. 1. 2.	Response to 6. 1. 1. <i>Christine Landfried</i>	140
6. 2. 1.	Reform of the European Citizen Initiative, Part I	142
6. 2. 2.	Reform of the European Citizen Initiative, Part II	148
6. 3. 1.	Reform of the Elections to the European Parliament	153
6. 3. 2.	Response to 6. 3. 1. <i>Andrew Duff</i>	160
6. 4.	European Political Parties	164
6. 5.	Response to 6. <i>Wolfgang Petritsch</i>	168

CONCLUDING REMARKS

7. 1.	Letter from Directors <i>Igor Mitschka and Melina Sánchez Montañés</i>	172
-------	---	-----

REVIEW OF
European & Transatlantic Affairs

Introductory Remarks

1. 1. Letter from the Editors-in-Chief

Paul Linden-Retek and Philipp Kotlaba,
Editors-in-Chief

It is our great pleasure to present to you the inaugural issue of the *Review of European & Transatlantic Affairs*.

The review is meant to initiate a conversation of diverse voices working in common to address the challenges and possibilities confronting the European project today. In focusing on the European Union, the journal does so from a unique perspective. In the first instance, it is a journal that highlights the writing of scholars, students, and policy makers who view and consider Europe from afar. We see European integration, at least in part, from another shore, along another heading; our perspective is from the outside in. And our intention is that the distance offered by this view from without will enable not merely a sharper or clearer self-criticism but also the kind of creative thought that only richer, comparative understanding of institutions, societies, and values makes possible. Transatlantic distance is as much a source of inspiration as it is one of self-reflection and critique.

The articles and reflections included in this journal will be wide-ranging and interdisciplinary. They explore and develop

ideas across philosophy, political science, sociology, anthropology, economics, history, culture and law. They will capture the voices of individuals ranging from students and young scholars to senior officials, policy makers, bureaucrats, business leaders, theorists, and practitioners.

Each year, this journal will publish two issues: the first, a compendium of policy papers and analysis drawn from the spring *European Student Conference*; the second, an extended issue of full-length articles and deeper commentaries on themes related to the preceding conference discussions.

This first inaugural issue is, therefore, a summation of the *European Student Conference* at Yale University, 13-14 February 2015. Its foremost purpose is to collect the thoughtful insights explored during this gathering. Policy papers drafted by each workshop group are printed alongside responses from prominent policy makers and academics—many of whom attended the conference itself. This compilation, presented in such a way, is meant to encourage a host of conversations building upon these ideas. For those who could not attend the annual conference, the issue should serve as a primer for participating in and moving the discussion forward.

Drawing on the conference structure, this journal subdivides its discussion into five themes of central importance to the contemporary EU. The ‘Borders’ section features submissions that grapple with issues such as European migration, neighborhood policy, and integration. ‘Democracy’ challenges the reader to theorize new answers to the recurring problem of increasing democratic participation in European institutions. The ‘Economy’ subtheme introduces contributions on issues of youth unemployment and economic reorientation in research, technology, and education; and the ‘Transatlantic Relations’ confronts directly the challenges and opportunities of the proposed Transatlantic Trade and Investment Partnership (TTIP) agreement. Finally, our ‘Identity’ chapter poses the question: ‘Upon what can we build European solidarity and identity?’ Taken together, these contributions offer a blueprint for reconsidering the myriad issues that today confront European policy makers and citizens alike.

Years ago, speaking before the European Parliament, the late Czech President Vaclav Havel reflected on the task of European integration. ‘More than a set of rules and regulations,’ Havel urged, the European Union ‘must embody, far more clearly than it has so far, a particular relationship to the world, to human life and ultimately to the world order.’

It is our hope that this process of deepening the dimensions and meanings of European integration—social, political, economic, symbolic, ethical—may be fruitfully advanced by these views from across the Atlantic, guided by the many citizens here who still look with interest and anticipation to European affairs.

Paul Linden-Retek is a doctoral student in the Department of Political Science at Yale University, where he focuses on contemporary political and legal theory, cosmopolitan thought, and European constitutional law. He serves as a Director of European Horizons and is a fellow at Yale Law School's Schell Center for International Human Rights.

Philipp Kotlaba graduated from Yale Law School in 2015 and currently serves as co-editor of the Journal of European & Transatlantic Affairs.

1. 2. Letter from the Executive Editors and Managing Editor/ Journal Coordinator

Olga Karnas and Nasos Abuel, *Executive Editors*
Aisenour Bitsen, *Managing Editor/Journal Coordinator*

Since its inception this past February, *European Horizons* has embarked on an ambitious mission to propound ideas that address the major challenges that face the European Union and develop a network of qualified people committed to the European ideal. *The Review of European & Transatlantic Affairs* serves both purposes. By serving as an outlet for young people to articulate their policy prescriptions to European problems, the *Review* facilitates and promotes participation in the public discourse of bright minds that are passionate about the European Union.

This first issue features the sum of the policy papers generated at the *European Student Conference 2015*, authored by 80 undergraduate and graduate students from 46 American universities and College d'Europe. The policy papers bravely submit to the public discourse visions for enhancing democratic participation within the European Union, developing a common immigration policy, reinvigorating the European economy, exploring European identity and reinforcing a mutually beneficial transatlantic trade and investment agreement. Each policy paper is the product of months of research and reflection and of a fruitful debate between students, academics and policymakers that took place at the *European Student Conference 2015*.

This issue also includes commentary from distinguished advisers from politics, business and civil society. This commentary is insightful and endeavors to suggest new angles for further research and policy refinement, which are necessary in order for good ideas to mature into realistic and operational proposals. Indeed, this fertile process of linking young minds teeming with ideas with experienced decisionmakers is one of the defining elements of *European Horizons*.

Lastly, the *Review of European & Transatlantic Affairs* is

evidence of *European Horizons'* aspiration to ensure diversity of opinion. Even viewpoints that may be at variance with *European Horizons'* principles and positions on certain subjects will also be welcome, provided they are relevant to the European project and meet our high standards of academic quality and integrity. In effect, the *Review of European & Transatlantic Affairs* provides a wealth of ideas for the consideration of the reader, which all contribute to achieving our dream for a more complete and perfect Union.

The *Review of European & Transatlantic Affairs* is central to the mission of *European Horizons*. As our network of chapters extends its reach to a number of academic institutions, our journal will bear the lasting legacy of the ideas created and exchanged within *European Horizons*. The *Review of European & Transatlantic Affairs* will be publicly available online at no charge and will be delivered to respected libraries across the United States and Europe. We believe that the journal will not only enhance the dialogue on the future of the European Union but will also enrich existing academic material available to students and scholars.

By bringing together people from many universities, European institutions and European society, the *Review of European & Transatlantic Affairs* offers a unique perspective on European affairs. As you read this first issue, we hope that you will be inspired to endorse *European Horizons* and participate in its ambitious project for transforming Europe. To learn more about *European Horizons* and get involved in our activities, please visit www.europeanhorizons.org.

Olga Karnas is a senior at Yale college, double-majoring in Anthropology and Economics. She comes from Poland and graduated from the Mahindra United World College of India. Having served as the Participants Coordinator for the initial European Student Conference in 2015, Olga is now the Executive Director of European Horizons.

Coming from Athens, Greece, Nasos Abuel served as the Transatlantic Relations Workshop Coordinator of the European Student Conference at Yale in 2015. Today, he serves as the Executive Director of European Horizons and is a Senior at Yale University majoring in Political Science.

Coming from Istanbul, Turkey, Aisenour Bitsen is a sophomore at Yale University. She is a prospective Ethics, Politics and Economics major. Aisenour directs European Horizons' journal, budget and sponsorship work.

1. 3. Letter from the Ambassador of the European Union to the United States

David O' Sullivan

Ambassador of the European Union to the United States

I had the great pleasure of opening the *European Student Conference* at Yale in February. In engaging with the students, I was struck by their great knowledge of the European Union, our mission and values. It was clear to me that they believed in our unique European project that has brought peace and prosperity to our continent. Listening to the students, I realized this conference was not just about what the European Union is today but equally about finding ways to improve the EU of tomorrow.

This important conference debate is reflected in this first edition of the *Review of European & Transatlantic Affairs*. Together with the establishment of the first chapters of the think tank *European Horizons* at key universities across the United States, this journal demonstrates that the *European Student Conference* was not just a one-off exercise but a solid commitment to continuing the discussion about the EU and our important relationship with the United States.

As you read this journal, I'm certain you will be impressed by the breadth and depth of the many proposals, ranging from how to create a more democratic and transparent Europe to concrete ideas on what should be included in a final Transatlantic Trade and Investment Partnership deal.

The fact that this is a student-led initiative should not be overlooked as youth will play a particularly important role in developing and defining the future direction of the EU. Today's European Union will certainly look very different in 10 years' time as we continue to evolve and integrate—and even more so 20 or 30 years from now. That future EU will belong to this student generation and that is why it is critical that they take ownership of

this debate and continue to define where we go next. This journal should be seen as a shining example of doing just that.

David O' Sullivan assumed the position of Ambassador of the European Union to the United States in Washington, D.C., in 2014. Previously, from October 2011 to October 2014, Ambassador O'Sullivan held the position of Chief Operating Officer of the European External Action Service.

Identity

2. 1. The Institutions of Identity

SUBMITTED BY

Andrey Sazonov, Joshua Altman,
Vincenz Klemm, and Brais Gomez

OBSERVATIONS

The Institutions of Identity workshop observes the following:

- I. Workshop participants believe that one of the primary reasons the European Union lacks unity and a greater sense of common European identity is due to lack of shared institutions, which in this context refers to a set of shared practices, associations and customs that cultivate identity.
 - a. We believe that there is a need to establish further shared institutions and practices that would enable cooperation among members of the European Union and that would foster a sense of a common identity.
2. We believe that currently European students, scholars, young professionals and entrepreneurs are not provided with enough opportunities that would allow them to engage in interactions with their peers/colleagues from the other European Union nations. We think that exchange of ideas and collaborative work on variety of projects among European individuals would facilitate development of shared European identity and thus we see a need for establishment of shared institutions/programs/initiatives.

3. Significant part of the European population has a feeling of being alienated from Europe itself and from its institutions while the European elites have a somewhat strong sense of European identity. A major concern is that the European identity will develop into an identity of the elite, as opposed to an identity of all European citizens. Thus we believe that there is a substantial need for institutions that will touch lives of all Europeans.
 - a. The EU's governing elites withhold more direct means of participation, with the justification that a European public sphere of all Europeans is not ready to engage in a debate about those issues yet. However, we think that the EU's public sphere is disengaged, because there are too few votes and public polls held in the first place.

POLICY VISION

The Institutions of Identity workshop envisions the following:

4. There is a need for more diverse opportunities for Europeans to collaborate and interact with other European citizens. In order to address this demand we submit the following set of proposals:
5. We consider that member states should further reform educational systems and bureaucratic practices in order to facilitate educational and labor mobility between different states. The Bologna process of a two tier educational system was a step in the right direction. However, it has failed to meet expectations of increasing mobility and better recognition of degrees in the labor market. Therefore we propose:
 - a. We consider the Erasmus programme to be very productive and beneficial and thus believe that it should be further expanded to students in pre-university levels and vocational training in order to not limit the merits of this institution to the academic population.
 - b. We suggest the implementation of academic institutions which would focus on importance of diversity, unity, and shared European identity within the European society. Academic seminars can be organized on pre- and post- university levels and can involve visitors and speakers from

variety of EU countries. Seminars can be organized with the assistance of entities such as the European University Institute and can take place at least twice per year in different European universities and can last three to five days. Content of the seminars can be decided by offering European students who are interested in participating to submit their ideas and proposals. Final themes can be proposed by the European scholars and professionals who will be willing to take part in such initiative.

- c. The creation of European Youth Camps: We believe that the European Commission should create Youth camps aimed at bringing together European students from diverse backgrounds in order to collaborate on joint projects and activities. Youth camps should diversify their themes in order to appeal to the highest number of people by focusing on different topics such as volunteering activities, policy-making design, and artistic projects. Proposed youth camps can last anywhere between two to three weeks and by the end of each youth camp students will be encouraged to present the projects they have contributed to produce in their schools/universities. The European scholars and professionals who will be willing to take part in such initiative.
6. European public sphere is necessary to bring about Europe wide debate about common values and hence identity. Media plays a crucial role in this. Whereas there are European media projects like Arte and Euronews their reach is very small and their topics are borderline elitist. In order to address this demand we submit the following proposal:
 - a. We propose an initiative of European private and public media companies to promote joint ventures for Europe wide, or even bilateral, media offerings. Funding for European media projects, such as broadcasting stations, news aggregators or even entertainment content which bridges national boundaries should be provided by an EU fund.
 7. We are convinced that it is important to design European institutions promoting a common identity outside of the realm of education. Therefore identity should be fostered within institutions like the national forces. So far there are a number of binational battalions. However, we propose to increase the number of common

battalions, since EU security interests are ever more synchronized and it is an important non-elitist source of identity.

PARTICIPANTS' STRATEGY

The Institutions of Identity workshop would like to implement the following initiatives:

8. The newly created think tank is in itself an institution of identity. It should serve as a thought provoking platform, which aims to introduce the views and ideas of a younger European generation into the debate.
9. We would like to put an emphasis on the importance of young Europeans, thus, we believe that we as a team and the newly created think tank can engage in writing scholarly articles which would discuss diversity, unity, importance of collective European identity and other topics related to the common identity. These publications should be available to European students at university as well as at pre-university educational levels and should educate young European generation about common identity in order to facilitate collaboration between EU students and their countries in future.
10. With the help of the newly created think-tank we would like to promote this idea further by contacting and collaborating with officials responsible for such initiatives and working closely with them to expand the programs and experiences mentioned above.
11. We as members of the newly created think tank can contact student organizations and student leadership in universities and schools across the EU and pursue them to collaborate between each other in order to organize an academic seminar or series of seminars across the EU.
12. We and the newly established think-tank can advocate for the expansion of this particular program by writing articles which would discuss the benefits of further expansion and by engaging in communication with officials responsible for this program.

2. 2. 1. The Importance of Identity

SUBMITTED BY

Catherine Le, Elia Francesco Nigris,
Albana Shehaj and Olivier Sirello

OBSERVATIONS

The Importance of Identity workshop observes the following:

1. Engaging in a discussion about European Identity necessarily calls for an understanding of why and how such an identity is important to the future of the European Union and its citizens. Devoting time and energy to an analysis of European Identity and to policies that would strengthen it presuppose that a common identity matters. We wish to critically evaluate and subsequently support this presupposition.
2. In what follows, we consider European identity to be a set of shared values and principles that provide meaning “to most European citizens by making it possible for them to feel that they belong to a distinctive European culture and institutional system that appeals to them as legitimate”¹.
3. A shared European Identity matters for the following reasons:
 - a. The development of a European identity is particularly crucial given the prevailing movements for autonomy and statehood that have reverberated throughout Europe with the collapse of communism in the 1990s. One needs only recall the rapid transition of the post-communist bloc from 9 countries in 1989 to 27 in 1993 to recognize the underlying currents for autonomy and statehood that characterize the region. Kosovo’s independence in 2008, as well as Scotland’s and Catalonia’s independence

¹ Castells, Manuel. 2002. “*The Construction of European Identity*,” statement prepared for the European Presidency of the European Union. [<http://chet.org.za/files/CASTELLS%202004%20European%20Identity.pdf>, last visited on February, 4th 2015]

movement further indicate this ongoing dynamic. While upholding their national roots and claiming independence on the grounds of ethnicity and nationality, these movements simultaneously share an underlying recognition that their independence could only function in the context of the European Union. The challenge therefore is to structure the rising and potentially problematic secessionist and nationalist European currents in a way that capitalizes on national-level incentives of “dual” belonging in efforts to promote the EU objective of strengthening the economic, political and social integration of the European states. We maintain that the need for a common European Identity rises precisely due to the social and ethnic diversity of the EU member states. While history suggests that the multi-national anatomy of federal states like US, Canada, India etc. has not impeded the democratic success or economic growth of these states, it must be recognized that such developments were facilitated to a great extent by the coexistence of shared American, Canadian or Indian identities with individual state loyalties and closely identified ethnic or caste identities. It is this coexistence of identities that continues to influence patterns of political and economic development by promoting the synergy amongst the individual states. A European Identity would serve a similar uniting role in the European context and its development is needed to support and establish a vital and functioning European political community.

- b. Additionally, a European Identity is needed to facilitate the implementation of EU-developed policies that may create winners and losers in the short term, the latter of which are likely to resist them, while promoting the long-term interests of all European Union member states. While in times of economic growth and stable international relations implementation of such policies may not be problematic, their implementation, particularly in the context of the multi-ethnic European soil, confronts critical obstacles when faced with crisis resulting from financial market fluctuations, economic instability, discontent led by trade marginalization, etc. Under these conditions, policy initiatives such as those undertaken by Germany to benefit the struggling economies of Greece, Spain, Italy or Portugal face significant voter and citizen backlash

that complicates and hinders their successful implementation. We believe that a shared European Identity would protect against these developments by supporting a European citizenship and political community that could facilitate European-level political, economic and social interventions. It is therefore under these conditions that the legitimacy and robustness of the European Union would continue to thrive.

4. Having observed the importance of a European Identity, we further observe that the establishment of such a shared identity faces significant challenges: Eurobarometer data indicates that the strongest feeling of belonging today is to a nation (94%), followed by a region (91%) and only then comes ‘feeling European’². Also, there is disparity among regions in Europe about the idea of belonging to a “European identity.” While Denmark, Finland, Germany, Hungary, Sweden, and Slovakia embrace this notion, other European states like Romania and Latvia³ do so to a far lesser extent.
5. We lastly observe that, these challenges notwithstanding, there is room for optimism: a form of a “civic” European identity founded on sentiments of belonging to the European Union as a political system has begun to prevail over a “cultural” identity in several EU member states⁴. Recent events have indicated that even, or particularly, in times of tragedy there is hope for the development of a European identity. Europeans have responded as a united community in the aftermath of the tragic recent terrorist attacks in Paris. The attacks have been perceived as attacks on a set of shared and common liberal values that unite the people of Europe. The unified response manifested itself through showings of support from Helsinki to Lisbon, from Athens to Dublin, and most strongly in the Paris rally of January 11th, when European leaders and European people joined together to show unity in the face of adversity.

2 Standard Eurobarometer 71, “*Future of Europe*”, Identity, p. 34 [http://ec.europa.eu/public_opinion/archives/eb/eb71/eb713_future_europe.pdf, last visited on January, 18th 2015]

3 Standard Eurobarometer 71, “*Future of Europe*”, Identity, p. 35 [http://ec.europa.eu/public_opinion/archives/eb/eb71/eb713_future_europe.pdf, last visited on January, 18th 2015]

4 Brutter, Michael. 2005. “*Citizens of Europe? The Emergence of a Mass European Identity.*” New York: Palgrave

POLICY VISION

The Importance of Identity group believes that:

6. The European Union should strive to convince European thought leaders of the importance of a shared European identity. This workshop recommends that the EU organize symposia dedicated to fostering discourse and collaboration among Europe's leading artists, journalists, clergy, writers, and other significant shapers of popular opinion. Such symposia could take place several times a year, and need not be explicitly dedicated to the ideal of European unity, but rather could serve to facilitate professional collaboration between leaders of many different fields. For instance, leading musicians and dancers could form ground-breaking collaborations, journalists and writers could work with clergy to discuss different approaches to the sensitive topic of both religious and anti-religious material in the media and in print, and clergy of different religions could establish interfaith events and programs. Such a wealth of opportunities to meet fellow leaders from all across Europe in an organized setting would be of great personal and professional benefit to all, and would serve as an emphatic reminder of the significant advantages of the united Europe and European identity that make such events possible.
7. Similarly, this workshop believes that the EU should strive to convince young European thought leaders of the importance of a shared European identity. A precedent for this already exists: the European Union Youth Orchestra is an excellent way of bringing future leading artists from all over Europe together to work with and learn from each other. The workshop recommends that the EU establish interdisciplinary programs of a similar nature, named Summer Retreats for Young European Leaders. These interdisciplinary Summer Retreats should identify highly-talented young people from all over Europe who have the potential to become leaders in their respective fields (academia, culture, journalism, business, and public service, to name just a few); and bring them together in a collaborative, collegial, and instructive environment. The Summer Retreats could be structured after the model of the Sommerakademien run by Germany's Studienstiftung des deutschen Volkes: held in the summer for 1-2 weeks, they could unite a small, select number of participants in a peaceful, scenic region, in order to minimize the distractions of metropolitan life and encourage reflection. The goal would be to foster dialogue and friendship between gifted young people of all spe-

cialized disciplines from all over Europe. For instance, a young cancer researcher from Latvia would meet a young novelist from Luxembourg, and a young pianist from Germany would meet a young political activist from the UK. In this way, tomorrow's leaders will have the opportunity to meet their peers and appreciate the diversity of each other's interests, backgrounds, and perspectives, thus learning to recognize the myriad facets of what it means to be European.

In addition to dialogue, the Summer Retreats should include programming that addresses the importance of political engagement and encourages these young leaders to consider study and/or employment outside their home countries. These young people will consequently become aware that, while national identity is still a crucial part of individual consciousness, looking beyond national borders reveals an opportunity-rich Europe that is the sum of its individuals' diverse perspectives.

Through Summer Retreats for Young European Leaders, tomorrow's leaders will be immersed in a *European* (as opposed to national) environment and gain experiences and a network of friends and professional contacts from all over Europe. This will enable them to foster pan-European cooperation in the future, and may inspire them to develop into champions of a shared European identity.

8. The workshop further believes that the role of education in general is crucial. While educational measures remain under the authority of the national-states, we suggest that the EU incentivizes member states to promote the continuous in-school introduction to the culture, history and languages of various European states. This can be realized via textbooks that also underscore the importance of a European Identity. Thus, allowing citizens of a particular state to appreciate the uniqueness of culturally different "others" while simultaneously advancing the social and cultural integration of European citizens. We propose that such policies are introduced at all educational levels and must be adopted by all EU member states.
9. Yet, another crucial point is the role played by media and the Internet as regarding the European integration process. Both the media and new ways of unmediated communication (such as various Internet-based platforms) represent a fundamental means to promote and share ideas about political and social principles about the EU. Currently, a majority of the national media remains

engaged in EU affairs but leans towards an anti-integration stance. To address this, we suggest the development of a European Union media adapted at the national level by all member states, the agenda of which is under the authority of the European Union. We expect that the influence of this type of media would raise awareness of EU citizens about EU affairs and incentivize participation.

10. The workshop lastly believes that, given the multi-ethnic character of Europe, the establishment of a shared European Identity necessarily calls for policy and cultural accommodation of intra-European immigration and migration from third party states. The expectation is that these policies would promote ethnic acceptance and multi-cultural integration within Europe and encourage the mobility of European workers. In an atmosphere of an open European labor market characterized by non-discriminatory social and cultural conditions, the ability of European citizens and low-skill migrants to move freely within the European labor borders increases significantly, and so does the potential to expand one's sense of self and identity to align with those of the larger European borders.

PARTICIPANTS' STRATEGY

We believe that education may be the most important pillar in order to foster a shared and common identity among all European citizens. We therefore propose a set of different strategies that this workshop might suggest to foster the creation and development of a "European identity":

11. Promote and diffuse an educational program called "Europe at school" across all EU member states: this program, started in France by the Jeunes Européens de France, would consist of a series of classes related to a European subject (European history, art, etc.) that every single high-school student would have the opportunity to follow before graduation without extra-expenses needed for the host school. These classes are taught by volunteers, especially young people motivated in the field of the EU and they would be supported in the action by the EU Commission. The aim of the project is not only to convince a young public of the importance of the EU in everyday life, but also to explain the complex institutional mechanisms that underlie the functioning of EU in-

stitutions. The program has already started in several schools, especially located in the suburbs of Paris and the number of schools taking part into the project has been growing. In that perspective, we would suggest the spread of this program all over the EU with an increase in funding provided by the EU Commission for that specific purpose.

12. Establish a new think tank network project in as many Universities as possible in order to enhance the discussion at the theoretical and academic level on the creation of a European identity. This can be achieved through the publication of articles, papers and other research on a common and multilingual website, where all interested students from around the world may register and contribute.
13. Lobby for an increased commitment on the part of national governments and the EU commission in terms of EU languages education in European primary and secondary schools, as well as Universities, while monitoring the effectiveness of such policies and the compliance with the commitment, at the state level, with research sponsored by our Think Tank.

2. 2. 2. Response

to 2.2.1. The Importance of Identity

Simon Glendinning

Professor of European Philosophy in the European Institute at the London School of Economics

The authors of the Policy Paper “The Importance of Identity” conceive European identity in terms of a set of values and principles that could become sufficiently widely affirmed to provide the basis for a genuine sense of European belonging. They do not concretely specify any of these values and principles, and indeed they suggest that a robust European identity has yet to be developed, acknowledging that national and regional identities seem still to dominate among Europeans. Nevertheless, they clearly regard its development as an important policy task for “European thought leaders” today.

At the end of this brief response I will say something about the specific values that I think *actually* matter in Europe. However, to begin with it is worth mentioning that the authors regard the whole question of developing a European identity in an entirely *instrumental* way: the “importance” of this identity lies in the fact that its “development is needed to support and establish a vital and functioning European political community.” The argument for this conclusion is itself telling. The authors regard the development of a European identity as a sort of counter-pole to existing national or regional identities which, left to themselves as it were, would otherwise profoundly negate “efforts to promote the EU objective of strengthening the economic, political and social integration of the European states.” The authors look to “federal states like US, Canada, [and] India,” as successfully combining a federal-level identity (American, Canadian, Indian) with and alongside a national (or caste) identity.

So the claim is that a federal Europe—the outcome of the successful “economic, political and social integration of the European states”—*needs* a developed sense of European identity among its citizens if it is not to be literally dismembered by “problematic secessionist and nationalist European currents.”

I don't disagree with that claim. Not at all. However, I am inclined to read it differently. It is not in the least irrational to think (as the authors do) that the formation of a federal Europe is the ideal way of overcoming, once and for all, the petty nationalism that has for so long scarred Europe's history. However, one might then reflect (as again the authors do) that a political body of *that* sort requires, presupposes or needs (if it is not to fall apart at the first sign of crisis) a supranational sense of identity and belong-

The outlines of an alternative, "third way," can be seen by thinking about European union on the "social contract" model of the union of people in a nation.

ing every bit as much as the old nations and regions have done. In the absence of such an identity, one is then faced with a difficult choice: Either give up the dream of forming a federal Europe, or do what one can to develop the European identity its success presupposes. The authors develop their "policy vision" towards doing what one can, here and now, to developing that sense of belonging and identity.

However, it is a false dilemma. It only arises if one thinks that the only real alternative to the formation of a federal Europe is succumbing to disintegrating forces of nationalism and regionalism. But that is not true. The outlines of an alternative, "third way," can be seen by thinking about European union on the "social contract" model of the union of people in a nation. In the latter case the idea is that individuals can rationally agree to submit themselves to the same body of coercive laws on the understanding that the freedom of each is thereby maximised. In an international union the principle is the same: a certain amount of individual (state) sovereignty is shared (through supranational institutions) in order that the sovereignty retained by each is maximised. The "objective" is not the formation of a new state-like sovereign political body, a federal state, but the formation of an enduring union of states in which each member has only *limited* sovereignty.

This model not only promises the possibility of securing an enduring union but, at the same time, of realising conditions in which national and regional *differences* are themselves the basis for *harmonious* international relations: conditions in which these differences are no longer either a source of mutual distrust and hatred, nor something to be counter-balanced by a set of common values and principles. Instead, in virtue of the interest in

each state for maintaining the whole, the enduring union encourages the development and cultivation of one might call the intermediate values (neither a part nor apart) of *solidarity* and *toleration*—the values, I think, that really lie at the heart of Europe.

Simon Glendinning is Professor of European Philosophy in the European Institute at the London School of Economics. His background is in the continental European traditions of phenomenology and deconstruction, but his recent work focuses on questions of European cultural identity.

2. 2. 3. Response

to 2.2.1. The Importance of Identity

Stefan Simon

Inaugural Director of Yale's Institute for the Preservation of Cultural Heritage (IPCH)

The *European Student Conference* hosted by Yale University in February 2015 was soliciting and aiming at collecting “great ideas” for the European Union, which, as Karel Schwarzenberg put it, could possibly “wake up the sleeping giant.” The conference brought together students from U.S. universities with Yale professors and European policymakers and resulted in the creation of a young think tank, *European Horizons*, at its conclusion. Among the 22 concrete policy recommendations crafted for the EU were five dealing with the significance of a European identity for the future of the EU: importance of identity, Institutions of identity, closing the gap between EU and its citizens, and economic solidarity and human rights as new narratives.

The first policy paper on the importance of European identity considers it “to be a set of shared values and principles that provide meaning to most European citizens by making it possible for them to feel that they belong to a distinctive European culture and institutional system that appeals to them as legitimate.”¹

Article 22 of the Charter of Fundamental Rights of the EU² on cultural, religious and linguistic diversity states: “The Union shall respect cultural, religious and linguistic diversity.”

Diversity is key for the European identity, a concept of continuous metamorphosis and transition. European diversity has a long history and experienced many European and non-European influences through centuries and millennia. Our museums and

¹ Castells, Manuel. 2002. “The Construction of European Identity,” statement prepared for the European Presidency of the European Union. <http://chet.org.za/files/CASTELLS%202004%20European%20Identity.pdf>, last visited on March 30, 2015

² CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION, 18.12.2000, Official Journal of the European Communities C 364/1, (2000/C 364/01)

archives, the architecture surrounding us and our cities and landscapes hold rich resources for the study of and research on European diversity. EU institutions need to help make these accessible not only to researchers, but also to the wider public, explaining the related narratives and using them for shaping the European identity.

This Cultural Heritage³ is “a very fragile patrimony and is exposed to multiple risks due to ageing, adverse environmental conditions and human pressure.”⁴ It represents the history of regions, states and Europe, as a result of an ongoing process, with a multitude of extra-European roots.

The importance of preservation of cultural heritage, based on the columns of conservation, accessibility and authenticity, is obvious. Often neglected in an irresponsible way, cultural heritage is also a strong economic driver in a post-industrial economy and contributes to sustainable growth. This is recognized by the European framework Horizon 2020:

“In challenging times for its internal coherence, Europe should improve the understanding of its cultural heritage and of its identities in order to strengthen cohesion and solidarity and to encourage modern visions and uses of its past. Rather than separating people and inspiring misplaced nostalgia, our understanding of cultures researched by scientists will attempt to see historical and contemporary commonalities and/or bridges between differences. In these efforts, new technologies and digital cultural heritage should play an important innovative role as they enable new and richer interpretations of our common European culture while contributing to sustainable economic growth. By addressing the key issues of cultural heritage, identity formation as well as intellectual, artistic, creative and historical legacy of the European Union, this research will contribute to a more resilient, innovative and creative European society pursuing the goal of ‘Unity in diversity’ whose importance and relevance has been highlighted by the recent financial and economic crisis.”⁵

Cultural heritage is, however, ephemeral and cannot be regarded as a renewable commodity. Preserving it requires a sustainable approach as well as a commitment made by society as

3 Definition of ‘tangible and intangible cultural heritage’, refer to: UNESCO, Convention concerning the Protection of the World Cultural and Natural Heritage, Paris, 16 November 1972; UNESCO, Convention for the Safeguarding of the intangible Cultural Heritage, Paris, 17 October 2003.

4 COMMISSION RECOMMENDATION of 26 April 2010 on the research joint programming initiative ‘Cultural Heritage and Global Change: a new challenge for Europe’ (2010/238/EU), L 106/18 Official Journal of the European Union 28.4.2010. EN L 106/18 Official Journal of the European Union 28.4.2010

5 HORIZON 2020, WORK PROGRAMME 2014 – 2015 ,13. Europe in a changing world – inclusive, innovative and reflective Societies, Revised, adopted on 10 December 2013. Consolidated version following European Commission Decision C (2014)9294 of 10 December 2014

“Cultural heritage is a significant force for 21st-century Europe.”

a whole. This is why the EU Member States are “encouraged to develop a common vision on how co-operation and coordination in the field of research at Union level can help to preserve cultural heritage in all its forms, ensuring its security and sustainable exploitation.”⁴

The Commission’s recommendation also calls for the development of a “common strategic research agenda establishing medium- to long-term research needs and objectives in the area of preservation and use of cultural heritage in the context of global change.”

Starting from approximately 335 million international tourists in 1995, the World Tourism Organization expects until 2020 an increase of about 100% to 700 million tourists for Europe, which therefore may keep its globally leading position in tourism.⁶ German museums alone received in 2013 more than 117 million visitors.⁷

“Positive indirect impacts of cultural heritage and its role for enhancing standing and appeal for a whole region are still widely underestimated. Cultural and natural heritage attract investments and are more and more becoming decisive parameters in competitive situations,” said former German State Minister for Culture Bernd Neumann.⁸

“Cultural heritage is a significant force for 21st-century Europe. Not only is it at the heart of what it means to be European, it is being discovered by both governments and citizens as a means of improving economic performance, people’s lives and living environments. Cultural heritage is increasingly regarded as a positive contributor to European GDP. Indeed, cultural heritage is now widely appreciated as an essential part of Europe’s underlying socioeconomic, cultural and natural capital. This is a significant change in focus as cultural activities have traditionally been regarded as costs to society.”⁹

6 UNWTO -Tourism 2020 Vision, World Tourism Organisation, Madrid <http://www.unwto.org/facts/eng/vision.htm> (accessed March 30, 2015)

7 <http://de.statista.com/statistik/daten/studie/28278/umfrage/anzahl-der-museumsbesuche-nach-bundeslaendern/> (accessed March 30, 2015)

8 http://ec.europa.eu/regional_policy/sources/docoffic/official/communic/pdf/culture/cult_de.pdf (accessed March 30, 2015)

9 EUROPEAN COMMISSION Getting cultural heritage to work for Europe, Report of the Horizon 2020 Expert Group on Cultural Heritage Directorate-General for Research and Innovation 2015 <http://bookshop.europa.eu/en/getting-cultural-heritage-to-work-for-europe-pbKl0115128/>

“Historic preservation is typically judged to be a sound investment. By most accounts, it is more efficient and profitable to preserve a historic building than to construct a new one. Designating a landmark or district as historical typically maintains if not boosts the value of the property, and as an economic development tool, historic preservation has proved its worth. Nearly any way the effects are measured, be they direct or indirect, historic preservation tends to yield significant benefits to the economy.”¹⁰

In the light of the current ongoing cultural crisis, it seems also important to note that many recent conflicts “are more ‘cultural’ and not any longer about power politics and economic dominance, but rather about identity and aim at the destruction of the ‘other.’”¹¹ This fundamental change seems to not have yet reached the political and diplomatic levels, as we can see, for example, illustrated by the absence of a cultural dimension to the OSCE Mission to Ukraine, where tremendous damage to cultural heritage has occurred since 2014.

The role of education as indicated in the policy paper is indeed crucial; expanding the ERASMUS program to high school students an excellent idea. The role of media including the new social media in shaping identity should not be underestimated. Cultural heritage is not an elitist concept. It shapes our lives in conscious and unconscious way. Preserving cultural heritage is as much about the future as it is about the past. It should become an integral part of all discussion on European identity, like the economic and human rights narratives.

Stefan Simon is the President of the ICOMOS International Scientific Committee Stone (ISCS) and corresponding member of the German Archaeological Institute (DAI). Since 2009, he has been Honorary Professor at Xian Jiaotong University (PR China) and, since 2013, also at Technical University Berlin. In 2014, he was appointed Inaugural Director of Yale’s new Institute for the Preservation of Cultural Heritage (IPCH), overseeing its research, digitization and conservation laboratories and programs.

¹⁰ ECONOMICS AND HISTORIC PRESERVATION: A GUIDE AND REVIEW OF THE LITERATURE, Randall Mason, University of Pennsylvania, A Discussion Paper Prepared for the The Brookings Institution Metropolitan Policy Program, September 2005 http://www.brookings.edu/ffi/media/research/files/reports/2005/9/metropolitanpolicy-mason/20050926_preservation.pdf (accessed on April 30, 2015)

¹¹ Wolfgang Petritsch, oral communication at Conference “Culture in Crisis” V&A Museum London and Yale University, Institute for the Preservation of Cultural Heritage, April 14, London

2. 3. 1. Closing the Gap between the European Union and Its Citizens

SUBMITTED 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 35% of citizens see the EU as “conjuring a positive image”¹, 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.^{2,3,4} Often identification with Europe is stronger in those who have more interactions throughout Europe⁵ and in Eurobarometer polls, 41% of respondents agreed that stronger social welfare would increase their “feeling” of being a European citizen.⁶
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.

1 European Commission. (2014) *Eurobarometer*. Brussels.

2 Citrin, Jack and John Sides. (2004) “More than Nationals: How Identity Choice Matters in the New Europe.” In Eds. Hermann, Richard, Thomas Risse and Marilynn Brewer. *Transnational Identities: Becoming European in the EU*. Lanham, MD: Rowman and Littlefield Publishers.

3 Fuchs, Dieter, Antoine Roger, and Raul Magni-Berton. 2009. “Euro-scepticism and Support for the EU: A Conceptual Discussion.” In *Euro-scepticism: Images of Europe Among Mass Publics and Political Elites* edited by Dieter Fuchs, Raul Magni-Berton and Antoine Roger. Farmington Hills, MI: Barbara Budrich Publishers.

4 Risse, Thomas. (2010) *A Community of Europeans? Transnational Identities and Public Spheres*. Ithaca, NY: Cornell University Press.

5 *Ibid.*

6 European Commission. (2013) *Eurobarometer*. Brussels.

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.⁷

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.
 - a. 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 would have greater association between the progress being made or services provided and the EU's financial contributions.
 - b. The EU could launch something akin to Franklin D. Roosevelt'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.
 - c. Similar ideas could include creating a EU version of City-Corps, 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

⁷ European Commission. (2011) *Youth on the move – Analytical Report*. Brussels.

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 childcare, primary school instruction, healthcare 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 Europe-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 newspapers to extend this program's reach to population without much access to the Internet.

This portal should become one of the main references for job seekers around Europe. If the employment opportunities listed on the portal were abundant enough, we would hope that the portal could 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 itself.

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 migration 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 and 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, the 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:

- a. Cultural events:
 - i. Enhance the promotion of European multinational projects in the domain of culture (eg: multi-national “macaronic” cultural productions: films, European culture festivals e.g. the Frankfurt Book Fair), see the Creative Europe project: http://ec.europa.eu/programmes/creative-europe/index_en.htm
 - ii. Free European study trips and seminars for a young public (e.g. Five days with workshops and activities in another European country, and depending on the country costing €500 to €1000 per trip. We are aiming at an initial number of

- about 300 participants.), or more generally, schools could take advantage of new technologies to increase non-physical cross-national student exchanges.
- iii. Cultural events related to European topics (exhibitions, seminars, lectures).
- b. Languages of the European Union:
 - iv. Language classes (also e-learning courses),
 - v. Diploma preparation,
 - vi. Translation work.
- c. Education about European Issues
 - vii. 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:

8. Make the recommendations issued in this brief public and help promote—through advocacy groups, Internet forums and online petitions—the ideas put forward by the Identity Workshop to their respective governments.
9. Advocate among graduate students based in either the US or Europe to publish policy papers forwarding these potential programs and ideas.
10. Write newspaper articles, either in student publications, online, or in the broader media, advocating these expansions of interest.

2. 3. 2. Response

to 2.3.1. Closing The Gap between the European Union and its Citizens

Jan Truszczyński

*Former Director-General for Education and Culture,
European Commission*

For well over 20 years, millions of wise people across Europe kept trying to shorten the emotional distance between those elected to govern and those who voted for them. Reflections on how to address the “democratic deficit” in the EU add up to several hundred thousand pages. Yet, since the outbreak of financial and sovereign debt crisis no amount of such work would be enough to turn the rising tide of discontent, alienation and mistrust in the capability of European elites to understand the developments and to design policy tools helping us all back to a brighter future.

In this sense I not only share the reality snapshot selected by the authors of the paper, I could easily pile more gloomy recent data on top of the facts and figures presented by them. But it would not bring us any closer to solutions, and solutions are what European societies need. So let me look at the paper under this angle.

Make no mistake: when I say “solutions”, I do not mean there is a silver bullet, some miracle recipe. Our values, our societal model, our togetherness can only be maintained—and also defended—through patient work at the grassroots in all corners of Europe, helped on and supported by public policy schemes at national and European level. And in such work, it makes sense to reach out to others across national and ethnic borders. Practice teaches there is always net gain from that, even if it is not distributed equally to every individual.

The paper offers several interesting and fresh ideas on how to support such work, focusing on volunteering, Europe-wide labor opportunities and European cultural frameworks.

First, the volunteer work. We have in the EU a hugely popular and performing European Volunteer Program. But it is small—about only 7000 people benefit from it each year. It is designed for young Europeans and has no offer for mid-career or retired individuals. And it has been until now unable to develop as an umbrella and unifying vehicle for national and local volunteering schemes, helping these to go cross-border. There has been a very promising initiative in this regard in the European Parliament, led by Daniel Cohn-Bendit. But he left the EP, and the momentum is lost. Hence, EU policy makers and all those who care about volunteer work in Europe would be well-advised to look across the ocean and seek inspiration in American volunteering tools, as advised by the paper.

Make no mistake: when I say “solutions”, I do not mean there is a silver bullet, some miracle recipe. Our values, our societal model, our togetherness can only be maintained—and also defended—through patient work at the grassroots in all corners of Europe, helped on and supported by public policy schemes at national and European level.

Second, the equivalent of the Erasmus program for the job market, advocated by the authors. We know that cross-border mobility is not a panacea, and we are not a one-language, one-flag territory. Barely 5% of European students are able to use the Erasmus+ program, and just over 2% of working-age Europeans reside and work in a European country other than the country of their birth. However, we certainly can be more efficient and more imaginative in supporting all those ready to move. Here, I welcome for instance the idea that the Youth Guarantee should be actionable in the entire EU and not just within individual states. Another

useful suggestion is to incentivize and to commit the employers to using EURES, the European job mobility portal, as a priority address and first port of call. These and other proposals from the authors may seem small steps, but each of them is worth a reflection and action in Brussels; after all, no grand design will arise if you don't work on its nuts and bolts as well.

Now for the idea on the “Houses of Europe”, a new network of European cultural institutes. I am not sure we need another set of bricks-and-mortar facilities. Cultural networking across borders, physical and virtual, is a steadily growing facet of life in Europe, examples coming to mind are initiatives like the Europe-

an House of Culture, or A Soul for Europe. So is the cooperation between national cultural institutions within the network called EUNIC. My advice would be to help things that already exist: dismantle the legal and financial barriers which hamper efficient co-operation, inject innovative contents and formats of cross-border activity, and create models for public-private partnerships.

Finally, a word on education about European issues. The paper rightly signals it as an important area, but stops short of discussing it in detail. I believe that this is what should be done in the next step. We do have European integration as part of civic education in our schools in basically every EU member state, but in terms of the learning outcomes our achievements remain very underwhelming. Suggestions on how to improve the European scores are much needed!

Jan Truszczyński has recently retired after a long and distinguished career both in his native Poland and in the European institutions in Brussels. Highlights from his career prior to the EU include representing Poland as the Ambassador to the European Union from 1996 to 2001, leading the Polish negotiation team for accession to the EU in the early 2000s, and leading the Polish Ministry of Foreign Affairs as Secretary of State. Following Poland's accession to the EU, Mr. Truszczyński became the Managing Director of the Foundation for Polish-German Cooperation in Warsaw.

2. 4. Identity and an Economic Narrative?

SUBMITTED BY

Sean Bray, Lucie Hinzelin,
Carla Freund and Phil Mooney

OBSERVATIONS

The Identity workshop observes the following:

1. The current crisis discloses the “dualized nature” of the EU. On the one hand, a weak South comprised of “Mediterranean welfare states” (including Cyprus, Greece, Italy, Malta, Spain and Portugal) and France seem to be left behind by a dynamic “North” (primarily Bismarckian Germany and socialdemocratic Scandinavia) in terms of growth, employment, labor market flexibility, competitiveness and innovation. This economic duality is also reflected in an EastWest divide, and in the form of the obligations tied to Eurozone membership (Copenhagen criteria). In terms of economic needs the EU seems to be split on a North/South and East/West axis.
2. Studies reveal that young people are suffering the most from the current crisis, whereas older generations remain relatively well-protected as “insiders” of the labor market. In 2012, unemployment in the European Union was almost 25% for citizens under 25 years of age, but only 10% for the age bracket 25-74.¹ Some policies, such as the Youth Employment Initiative, launched in 2013, have already begun to address this problem; but we believe that more can be done.²
3. The apparent rise of nonmainstream Right and Left political forces as well as economic nationalism in Europe—from the success of UKIP in Britain to the increasing popularity of Pegida in Germany, Syriza in Greece, and the Indignados in Spain—reveals

¹ <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>

² http://www.euclidnetwork.eu/files/Technical_Profile_EU_policies_for_youth_unemployment.pdf

the failure of the European Union to provide a unifying identity and common economic narrative for all of its citizens, although the political impact of these groups varies.

4. With this in mind, the success and fundamental stability of the EU hinges on the presentation and promotion of a welldefined European identity. As mobilization and globalization increase, traditionally implicit European cultures must become more explicit in order to accommodate European citizens from different backgrounds. The recognition of the European family is essential for European solidarity and innovative economic growth. Where historic national identities fail to provide inclusion and upward mobility to disenfranchise citizens, an EU identity can also provide hope and unifying sense of purpose.

This idea of “family” will underpin the social policies in our Policy Vision below. And, in turn, it will lay the groundwork for a shared feeling of responsibility, which can create an environment for sustainable reform, even in difficult times.

And, all of this is achievable: by creating and maintaining a fair and competitive playing field, supporting incentive-based welfare programs, increasing economic growth through spending, and attracting investment in hightech industries that have longterm growth potential, the EU could find the political capital to achieve these goals. The benefits would be clear: A betterdefined economic identity will lead to increased European solidarity, shared European economic goals, more wellpaying jobs in less-developed regions, peace, political and economic stability, and the amelioration of crosscultural conflicts.

POLICY VISION

In order to achieve this familial identity, we believe that it is necessary to use the German social market model as an example for Europeanwide economic policy.

5. First, the EU should not push states to drastically cut back their welfare expenditures for purely budgetary reasons. To help fund this, the EU should encourage Member States to adopt strategies that tackle and pursue fiscal fraud effectively.

6. The EU should also find a balance between the two prevailing economic models in the EU (consumption and exportbased). In particular, the EU should create instruments similar to the German *Länderfinanzausgleich* (equalization payments). Of course, this can only be implemented if steps toward a fiscal union are also made.
7. The Commission should openly address the problem of stagnating labor costs in exportoriented countries: By showing the quantitative link between a Member State's average wage and its GDP, it should emphasize the impact that rising labor costs could have on European economic solidarity.
8. To generate a stronger tax base, the EU should advise its Member States to reform their educational systems and expand vocational training in order to meet the production systems' needs and foster SMEs' innovative capacity. New cuttingedge education and infrastructure can generate innovative business ideas. IntraEU best practices should be exchanged on an institutionalized level: companies in wealthier countries might be encouraged to teach ailing businesses how to reform and improve their business structures. Given Member States' reluctance to communitarize this policy field, this idea could be discussed and proposed in the run-up to the next European Parliament election, which would not only raise awareness of the problem but also foster the emergence of a European debate.
9. The EU should launch programs to help and encourage member states to replace passive social expenditures with active and generous social investment. By investing in the future, the EU will create equal chances and attack the root causes of inequality. Active labor market policies such as flexi-security should be combined with child care policies and innovative education programs to encourage economic competitiveness. Member States could also receive performancebased financial rewards and tax breaks.
10. To formulate a common economic narrative, the Commission could—in exchange with national ministries, the ECB, think tanks and civil society actors specialized in economic questions—draft broad shared policy guidelines. After the public consultation with democratically elected entities (such as EP and national parliaments), the Commission could specify the goals to reach for each Member State. The EU could also offer financial and structural incentives—such as participation in committees—to Mem-

ber States once they agree on strategies. This could successfully subordinate their specific interests and attain the EU's broader economic narrative. In the long run, this would lead to policy convergence and a stronger public identification with the EU.

11. The EU should institute regular meetings of leaders of the largest European unions (such as business federations, ETUC and Eurozonechef Dijsselbloem) and appoint an elected representative to lead this group. This will allow their voices to be heard in the Eurozone's governance, and will ensure greater identification with the EU's overarching monetary goals.
12. The EU should develop strategies that encourage the positive perception of all of these policies. A concerted and coordinated effort across the highest and most public levels of EU leadership will increase support for our familial narrative.
13. We recognize that our economic narrative is not feasible without taking into consideration other narratives that stress education, national defence and the role of immigration in the EU.

PARTICIPANTS' STRATEGY

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

14. Create an online exchange platform for businesses, so that ailing companies can exchange ideas and learn from successful companies' experiences operating in the same field.
15. Create an EU university ranking that shows universities' innovative capacity. Such a ranking might consider improvements and modernization (in, for instance, infrastructure and facilities) over time and create labels that certify the quality of the education provided.
16. Increase cooperation and organize meetings of national finance ministers in order to encourage the equalization of Member States' taxation rates.
17. Lobby for and negotiate thresholds for European equality payments.

18. Use our positions on campus to explain and promote European identity to American students, faculty, and public.
19. Continue to research and develop the structures of our German social market model.
20. Promote this familial identity to youth political parties in Europe.
21. Publish clear and well-defined articles on the family identity.

2. 5. Identity and a Human Rights Narrative?

SUBMITTED BY

Donatienne Ruy, Martin Meeus,
Mikaela Rabb, and Artidoro Pagoli

OBSERVATIONS

The Identity workshop observes the following:

1. The European Union’s narrative has progressively shifted from a peace-oriented narrative to one of human rights, cosmopolitanism and minority rights. This shift is reflected in the six founding principles of the EU established by the Lisbon Treaty in 2009: “The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.” (Article II)
2. Achieving relative peace on the continent created the need for a new purpose for the EU, now strained with the current economic and security situations in Europe. Yet, it is also crucial to note the inherent link between both peace and human rights, as the respect for rights can prevent the escalation of tensions towards the breakdown of peace, and the achievement of peace offers fertile ground for the establishment of human rights. More recently, the focus on human rights, cosmopolitanism and minority rights was especially translated in the negotiations on Turkey’s accession to the EU.
3. Yet, minority rights seem incomplete, as they are only enforceable on an individual basis and not on a collective one. Such shortcomings are also due to the lack of a broader, European-level internal strategy for human and minority rights. Furthermore, the narrative of human rights appears distant and somewhat detached from Europeans’ daily hardships—dire economic conditions, a lasting crisis, the influence of far-right parties that are denying

some of these rights, etc. As such, truly following through on this narrative has taken a back seat to addressing immediate security, economic and political concerns. The EU has yet to find a way to link rights and the reality of people's existence—for example, through the right to live in dignity and work in respectable conditions.

4. In recent years, several European countries have experienced a significant rise of extreme far-right and Euroskeptical political parties—making up one-third of the European Parliament, as of May 2014—which are openly hostile to some of the most fundamental values and freedoms upheld by the EU, in particular a supposed threat to long-standing national cultures and an opposition to new waves of immigration. These countries include France, Denmark, Greece, Austria and the Netherlands.¹ Some of these parties' members have openly rejected equal rights for LGBT people (Finland's "Finns") or called for discrimination against certain religious minorities (Hungary's Jobbik, for example).²
5. In addition, some EU countries' exclusionary policies towards minority rights and religious freedom have recently come to international attention with the attack on Charlie Hebdo, the increasing number of European jihadists leaving for Iraq and Syria or the growing terrorist threats in several Member States. Here again, we see the correlation between peace and human rights. However, these policies have also been supported at the EU level, as was the case for the European Court of Human Rights upholding French laws on the display of religious symbols or clothing items.
6. In the 2015 Human Rights Watch report, the organization highlighted the increased power of the European Commission to enforce the rule of law in Member States, a powerful tool for the ensuring this new narrative.³ However, HRW heavily critiqued the EU for allowing abusive practices around the EU to proceed without adequate action, such as migration and asylum policies. In order to build a credible narrative around human rights, EU Member States need to advocate for rights and respect them at home.

¹ See <http://www.aljazeera.com/news/europe/2014/05/far-right-parties-sweep-eu-polls-20145261436233584.html>, and <http://www.europarl.europa.eu/elections2014-results/en/seats-member-state-absolut.html> for a precise account of parties' vote shares in the EP 2014 elections.

² Elgot, J., 26 May 2014, "European Elections: 9 Scariest Far-Right Parties Now In The European Parliament", Huffington Post. Available online at: http://www.huffingtonpost.co.uk/2014/05/26/far-right-europe-election_n_5391873.html (page viewed 2/2/2015).

³ Human Rights Watch, 29 January 2015, "EU: Lackluster Commitment to Rights Protection". Available online at: <http://www.hrw.org/news/2015/01/29/eu-lackluster-commitment-rights-protection> (page viewed 2/4/2015).

POLICY VISION

The Identity Workshop believes that:

7. Given the EU's lack of enforcement capacity with regard to democracy and human rights among its Member States, the EU should implement checks and balances through a peer-review mechanism that would take place regularly, every three or four years for example. This would create a system of collective action to prevent some states from sliding towards authoritarian rule.
8. The EU should make full use of the new tools at its disposition—in particular Court and Commission oversight of human rights and border policies. In particular, it should consider convening a bi-annual meeting of immigration and security ministers, in parallel to meetings of practitioners—police forces, border patrols—with the specific aim to establish best practices and benchmarks in the protection of rights regarding immigrants and border control. Furthermore, the EU Fundamental Rights Agency should work in collaboration with Europol, Frontex and national law enforcement agencies to translate the Charter of Human Rights and the yet-to-be-drafted internal strategy into concrete principles that are linked to these agencies' daily work.
9. Given the lack of an internal human rights strategy, the European Parliament should devise stronger protective policies for the rights of minorities by establishing clear criteria and comparison tools across the Union within such a strategy, especially between countries facing growing numbers of minorities. One way of doing so would be to take a collective rather than individual stance on policies of human rights and protection of minorities. Instead of protecting minorities through classic individual fundamental rights such as freedom of speech, freedom of religion or the principle of equality and non-discrimination which are only enforceable on an individual basis, the EU should provide remedies for communities as a whole.
10. The DG Communication should devise a media and cultural campaign with the stated goals of spreading the fundamental values of the Union by explicitly linking them to Europeans' daily lives—for example, respect for human dignity in the workplace and living conditions. Seeing as the 2014 campaign cost approximately €16 million (including €5 million in social

media expenses),⁴ and given the importance of giving the narrative a stronger basis, such a media campaign is feasible, and would most likely require less than €16 million. Finally, it could be used as an opportunity to clarify the EU's policy positions on immigration, human rights and minority rights protection.

- II. Promoting human rights is an appropriate tool to address security concerns faced by many EU Member States. It is crucial that the High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission continue to address human rights as the lynchpin of their strategy and utilize the Strategic Framework on Human Rights and Democracy and its Action Plan adopted in June 2012. To this end, the meetings of foreign affairs ministers should establish lists of sensitive countries that are facing conflict situations in order to deter the sale of arms in such states. While there is no enforcement tool for these sales, these lists are expected to put pressure on Member States by highlighting best and worst practices.
12. In order to foster general knowledge and research about the status of human rights in Europe, the European Union should adopt a comprehensive human rights education policy in collaboration with the Council of Europe, a leader in human rights education since 1997. This policy should include education about the minorities of Europe and the practical implications of human rights in citizens' lives.

PARTICIPANTS' STRATEGY

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

13. Naturally, as the five workshops of ESC are so intertwined, we must look towards engaging with other workshop participants so that we can have a better understanding of this interconnectedness and strengthen our arguments.
14. As participants and future contributors of a European student think tank, we believe it is our duty to render European human

⁴ Gaydazhieva S., 10 September 2013, "EP launches European elections campaign", New Europe. Available online at: <http://www.neurope.eu/article/ep-launches-european-elections-campaign> (page viewed 2/3/2015).

rights policies and narratives more accessible to the public. We can accomplish this by publishing articles that would more clearly establish the relation between human rights and Europeans' daily lives, as well as with the larger project of the EU as a human rights proponent.

15. As members of academic communities, it is our responsibility to spread awareness of the challenges ahead and offer solutions—where there is a possibility to do so—by creating and fostering links between universities. Such a network of young scholars should, beyond the writing of articles, engage in productive conversations between themselves and, whenever possible, with EU officials and EU scholars to share opinions on what they see as the real issues facing the human rights narrative.

2. 6. Response

to 2. Identity

Erhard Busek
Former Vice-Chancellor of Austria

The importance of identity is to underline. The difficulty is how to push it through and give a general overview.

The importance of identity is to underline. The difficulty is how to push it through and give a general overview. Here I am asking you to concentrate on civil society, but also on education, science and research. The prob-

lem is that we do not know enough about each other, so we have to spread it over, in connection with the media. In the moment the media are not very much helpful, because they are only reporting about aggressions, borders between peoples and states and so on. Therefore we need for example better Euro-news: that means an own public broadcaster, in connection with also the possibilities of internet, where it is more possible to spread over information than it is now. It should be more sexy than it is at the moment. The Eurovision Song Contest is quite sexy, but there is also a creation of identity in this context and also an exchange of use. Such similar exercises are not enough used for identity.

Another point is a long-lasting strategy on the question of the understanding of history. We have still a huge differentiation. So far we shall use the capacity of scientists and researchers, especially historians, but also others, to give more knowledge about the different perceptions of history in the countries. It is not possible to write a unified understanding of history, but it is possible to confront the different perception of histories in the countries of Europe.

Another importance is art and culture! For example we have to look to Russian culture to keep the bridge between our Russian friends and the other Europeans. For the moment they are not yet used, but our theatres, concert halls, bookshops and so on are full about possible knowledge, but is it used in the right way? I think, in this direction more has to be done.

I am asking the think tank to elaborate on these points, which do not solve all the problems, but are of great importance, out of a real humanistic interest.

Erhard Busek, former Vice Chancellor, Federal Minister for Science and Research, and Federal Minister for Education of Austria, is a Jean Monnet Professor ad personam, Chairman of the Institute for the Danube Region and Central Europe, and President of the Vienna Economic Forum.

Borders

3. 1. Securitization of Migration

SUBMITTED BY

Yoana Kuzmova, Giovanni Solidoro,
Marko Grujicic and Lauren Moses

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.¹ 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. Strikingly, the United Kingdom refused to participate in search-and-rescue operations because it deemed that such efforts only encourage more irregular migration.

¹ 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).

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 States².
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'³ of EU borders. The strategy of expanding the operations of Frontex is continually upheld at the European Council level,⁴ 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.⁵

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 com-

² 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).

³ 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).

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

⁵ 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, EUJ)

mitted 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 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 the ones 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.⁶
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.

⁶ 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.

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, refugee protection and border protection.
12. Through participation in ESC 2015, develop and articulate arguments for border control in the Mediterranean that prioritize 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 policymakers and influencers and analyzing the responses they generate.

3. 2. Unification of Migration Policy

SUBMITTED BY

Ceyda Erten, Megi Hakobjanyan,
Thilo Rattay, Claire Rembecki, and Ia Tserodze

OBSERVATIONS

The Borders Workshop observes the following:

1. Migration to the European Union, whether economic or refugee, is both beneficial and inevitable. This policy focuses on unifying refugee migration policy across EU Member States.
2. According to Frontex, about 60,000 migrants used the Mediterranean route to enter EU illegally in the first quarter of 2014 alone.¹ This route is often very dangerous; many boats do not reach the European shore and sink. As of 2013, some European Member States (the UK, Italy) have ceased rescue missions.²
3. Migration policy concerning the entrance of asylum seekers into Europe is unfairly balanced, favoring northern Member States and placing the burden of responsibility on southern Member States.
4. The Dublin system has failed. It has imposed excess regulations, which have lengthened and complicated the process of registration. It focuses on punishments rather than positive incentives for migrants, and places a great burden on southern Member States. Currently, the system is being challenged in several court cases (T.I. v the UK, K.R.S. v the UK, M.S.S. v Belgium and Greece, etc.).^{3 4}

¹ Frontex (European Union). (2014). *FRAN Quarterly* (No. Q2, 2014). Warsaw, Poland: European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union. Retrieved from http://frontex.europa.eu/assets/Publications/Risk_Analysis/FRAN_Q2_2014.pdf

² Travis, A., & Home Affairs Editor. (2014, October 27). UK axes support for Mediterranean migrant rescue operation. *The Guardian*. Retrieved from <http://www.theguardian.com/politics/2014/oct/27/uk-mediterranean-migrant-rescue-plan>

³ European Council on Refugees and Exiles. (n.d.). Dublin Regulation. Retrieved January 25, 2015, from <http://www.ecre.org/topics/areas-of-work/protection-in-europe/10-dublin-regulation.html>

⁴ Refworld | M.S.S. v. Belgium and Greece. (2011, January 21). Retrieved January 25, 2015, from <http://www.refworld.org/cgi-bin/texis/vtx/rwmain?docid=4d3gbc7f2>

5. From 2008–13, the European Refugee Fund supported “EU countries’ efforts in receiving refugees,” including “measures to address sudden arrivals of large numbers of persons who may be in need of international protection.”⁵
6. Directive 2013/32/EU gives Member States the authority to determine independently which countries constitute “safe countries of origin.”⁶ The lack of consensus among Member States in this area leads to political bias and a lack of accountability in Member States.
7. Most recently, the EU’s uncoordinated asylum policies have caused it to react insufficiently and inefficiently to the Syrian refugee crisis. Cooperation with countries accepting large numbers of refugees, such as Turkey and Jordan, remain minimal and have increased slightly only in December 2014, when the European Commission contributed €10 million in humanitarian funding to Turkey’s efforts for Syrian refugees.⁷
8. The EURODAC database has been effective, showing annual increases in successful transactions.
9. The mass migration of illegal refugees into the Schengen Zone prompts some Member States to support the re-imposition of internal border controls within the Schengen area, which opposes the principle of the Schengen Zone and its freedom of movement. If stronger refugee policies were unified across EU Member States, the migration of refugees would be easier to manage, and the need for strict internal border controls should dissipate.

5 European Commission. (2014, June 20). Refugee Fund 2008-2013. Retrieved February 5, 2015, from http://ec.europa.eu/dgs/home-affairs/financing/fundings/migration-asylum-borders/refugee-fund/index_en.htm

6 European Parliament, & Council of the European Union. On common procedures for granting and withdrawing international protection (recast), Pub. L. No. Directive 2013/32/EU (2013). Retrieved from <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1423924408974&uri=CELEX:32013L0032>

7 European Commission. (2014, December 9). Press release - EU steps up assistance for Syrian refugees in Turkey. Retrieved February 5, 2015, from http://europa.eu/rapid/press-release_IP-14-2500_en.htm

POLICY VISION

The Borders Workshop believes that:

10. Europe should enforce a united refugee migration policy across all Member States.
11. To create more equity among Member States, minimum refugee migration quotas should be established for each country; e.g. each Member State must accept a certain number of refugees over a given period of time. These quotas should be based on objective entities—population size and GDP. Countries can contribute to the European Refugee Fund or sponsor successful refugee-related EU programs as an alternative to meeting the quota.^{8,9,10}
12. The European Refugee Fund should be re-established with the same goal of “supporting EU countries’ efforts in receiving refugees and guaranteeing access to consistent, fair and effective asylum procedures.”¹¹
13. The Asylum Procedure Directive, combined with the Revised Reception Condition Directive, ensures a more coherent, humane process of applying for asylum and should be upheld and enforced.
14. All Member States should harmonize their lists of safe countries of origin when assessing refugee applications, so there is consensus on which countries qualify as “conflict zones,” or which migrants qualify as “politically persecuted.”
15. The EURODAC database should be used to ensure countries’ refugee quotas are met.

8 European Commission. (2014, June 20). Refugee Fund 2008-2013. Retrieved February 5, 2015, from http://ec.europa.eu/dgs/home-affairs/financing/fundings/migration-asylum-borders/refugee-fund/index_en.htm

9 European Parliament, & Council of the European Union. Laying down standards for the reception of applicants for international protection (recast), Pub. L. No. Directive 2013/33/EU (2013). Retrieved from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:180:0096:0116:EN:PDF>

10 European Commission. (2013, October 1). Migration and Home Affairs: Asylum procedures. Retrieved February 1, 2015, from http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/asylum/index_en.htm

11 European Commission. (2014, June 20). Refugee Fund 2008-2013.

16. To more efficiently respond to emerging humanitarian crises, such as the Syrian refugee crisis, the EU should initiate closer cooperation with neighboring countries that are oversaturated with migrants, such as Turkey and Jordan. Beyond financial contributions, the European Commission's Humanitarian Aid and Civil Protection Department should support third parties that can directly help these countries support the overflow of migrants, which will indirectly help the EU's border protection.

PARTICIPANTS' STRATEGY

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

17. Raise awareness about the dangers and risks which migrants take in order to reach Europe.
18. Actively engage Europeans in accepting migrants, and help accepted migrants integrate into society.
19. Provide recommendations for modifying the aforementioned directives with respect to the Member States' individual needs.
20. Provide policy makers with the perspective of today's youth and tomorrow's leaders through an engaged dialogue.

3. 3. Integration

SUBMITTED BY

Kira Gartzou-Katsouyanni,
Hasher Nisar and Michelle Ozaeta

OBSERVATIONS

The Borders Workshop observes the following:

1. The integration of immigrants has many different layers and meanings in the 28 Member States of the European Union. Therefore, the European Union does not have the competence to intervene in all areas related to integration.
2. The first type of integration that we would like to explore is the “economic or social convergence between the immigrant and native populations,”¹ defined in terms of concrete socioeconomic indicators.
3. Among the various indicators of socioeconomic integration, we observe high unemployment rates among immigrants that have adverse effects both on immigrant households and on host states. In a study on the income situation of different immigrant communities, Ann Morissens concluded that unemployment was one of the most potent causes for poverty among immigrants, that the presence of one earner in an immigrant household resulted in “a significant poverty decrease,” and that “for dual earner households, poverty was almost eradicated.”² In 2013, the OECD also revealed that “employment is the single most important determinant of migrants’ net fiscal contribution” to their host communities’ welfare states, showing that reducing the immigrants’ unemployment rate would yield fiscal benefits to OECD countries.³

¹ Thomas Liebig, *The Labour Market Integration of Immigrants in Germany*. (Paris, 2007), 9.

² Ann Morrisens, “Immigrants, Unemployment, and Europe’s Varying Welfare Regimes,” in *Immigration and the Transformation of Europe*, ed. Craig A. Parsons and Timothy M. Smeeding (Cambridge: Cambridge University Press, 2006), 194-195

³ OECD, *International Migration Outlook 2013*. (OECD Publishing, 2013), 12

4. We used OECD data and conducted a statistical analysis on the reasons why the foreign-born populations have higher unemployment rates relative to the native-born populations in some OECD countries and lower rates in others.⁴ Among our findings, we observe that the unemployment rate of foreign-born groups rose relative to that of native-born groups the higher the GDP per capita of the host country, and fell the more skilled the foreign-born population residing in the host country, other factors being equal.
5. On the subject of the integration of immigrants through citizenship, we acknowledge that it is more difficult to make proposals at the European Union level since Member States have very distinct citizenship laws as well as different ideas of what it means to be a citizen. We would like to note that the subject of citizenship is important as it can lead to feelings of inclusion in a particular country. However, it can also lead to feelings of exclusion for people who either do not have the means to become citizens—financial or otherwise—or have a seemingly large amount of obstacles to clear before citizenship can be acquired.
6. With the growing Muslim population across Europe, we observe that there has been a rise in Islamophobia, especially after the Charlie Hebdo attack in France and the mounting threat of the Islamic State of Iraq and Syria. As defined by Erik Bleich, a scholar on race and ethnicity, Islamophobia is “indiscriminate negative attitudes or emotions directed at Islam or Muslims.”⁵
7. Populist tabloid newspapers and some other populist media play a huge role in perpetuating stereotypes of Muslims, painting a picture of Islam as a violent religion that is incompatible with European values. Scholars and experts have conducted a number of studies to evaluate the portrayal of Muslims in the press, finding that Muslims are consistently portrayed negatively and that a moral panic surrounds them in the press.

4 Kyriaki Gartzou-Katsouyanni, “A Study of the Determinants of Labor-Market Outcomes for Immigrants in OECD countries”, paper prepared for a course at SAIS, fall 2014 (available upon request)

5 Erik Bleich. “What Is Islamophobia and How Much Is There? Theorizing and Measuring an Emerging Comparative Concept,” *American Behavioral Scientist* 55, no. 12 (2011): 1581–1600. abs.sagepub.com. Web. 14 Feb. 2015.

POLICY VISION

The Borders Workshop believes that:

8. For all the reasons stated under clause 3, reducing unemployment among immigrants should be a major focus of integrating immigrants in European countries, and policies such as wage subsidies or reductions in social security contributions for low-wage earners should be considered.
9. In addition, Member States should offer protection to immigrants working without papers, particularly in Southern Europe. The European Union should learn from the design of temporary worker programs such as Canada's Seasonal Agricultural Workers Program (SAWP), which has built-in incentives for workers to return home at the end of the agricultural season. Such provisions, coupled with the appealing set of benefits offered by SAWP compared to the alternative of irregular labor migration, including the same pay as Canadians for the same work and the coverage of housing and transport costs, have resulted in temporary workers demonstrating an exceptionally high compliance rate with the program's return provision.⁶
10. Immigrant groups with higher skill levels enjoy relatively low unemployment rates, demonstrating that selective immigration policies have a beneficial effect on labor market outcomes for immigrants. When it is inappropriate to implement selective policies, as in the case of refugees, host countries should place an emphasis on providing their foreign-born communities with the skills required to succeed in the labor market, by encouraging the early entry of immigrants in the labor market and by incorporating vocational elements in language courses for immigrants.
11. The difficult relationship between integration and naturalization can be addressed by making civics tests easier or removing them entirely. Instead, mandatory civics classes could be held at community centers. These classes would focus on core political concepts and laws. The curriculum for these classes should be drafted at the national level and should be regularly evaluated by governmental officials to ensure that they are effective in reaching their goals.

⁶ Newland et al., "Learning by Doing: Experiences of Circular Migration" (Migration Policy Institute, 2008).

12. These classes should include cultural as well as community-building programs that would tie into the curriculum that was agreed upon at the national level. These programs may take the form of cultural fairs or community service events, which may promote cooperation and communication between native-born citizens and citizenship-seeking individuals. In addition, these interactions would allow immigrants to improve their linguistic skills. These activities would not only benefit the community at large, but would also serve to foster a sense of belonging for those seeking citizenship.
13. In order to address the rise of Islamophobia in Europe, the European Union should assemble a commission that publishes a report on the state of Islamophobia in Europe. This report would mirror the one released by the Runnymede Trust in 1997 called “Islamophobia: A Challenge for Us All.” The commission should be tasked with the responsibility for developing a blueprint for all of Europe that explains the consequences of Islamophobia and shares best practices of engaging key stakeholders, including journalists and other media representatives, to address the issue. It is crucial for the commission to include the input of Muslim leaders from civil society and industry when writing this report.

PARTICIPANTS’ STRATEGY

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

14. Conduct and encourage research on the reasons why some immigrant groups are better integrated into the labor markets of some Member States than others, as well as the reasons for the variation of other indicators of socioeconomic integration of immigrants in European societies.
15. Contact European policymakers and present them with our ideas about assembling a commission to report on the state of Islamophobia in Europe, as discussed in clause 12.
16. Conduct research on how Muslims are being represented in the media in European countries and publish the results through the think tank.

17. Research the differences in opinions between civic groups, immigrants rights groups and NGOs on the effectiveness of civics tests versus the effectiveness of civics classes.

3. 4. The European Neighborhood Policy

SUBMITTED BY

Kaan Ülgen, Sandra Zuñiga Guzman
and Alexei Savtchenko

OBSERVATIONS

The Borders Workshop observes the following:

1. Migration, whether forced or voluntary, is a complex series of decisions brought about by push and pull factors in sending and receiving countries, marked heavily by political, social and economic considerations. Instruments such as the European Neighborhood Policy (ENP) are necessary to address root causes—push factors—most predominant in the region, such as political instability and poverty, which pose incentives for migration and disincentives for governments to comply in reducing outflows.
2. Rooted in a dynamic of enlargement, the ENP had at its core a mission of long-term engagement that would promote—through economic incentives—political reform to aid the creation of governable and stable states among non-member regions and states peripheral to the EU.
3. The selective enforcement of political conditionality associated with European Neighborhood Policy agreements, especially tolerance towards regimes that fail to abide by specific ENP conditions, has rendered the ENP ineffective in helping the EU reach its objectives of incentivizing political and judicial reforms in these states. The continued inclusion of ENP measures that are regularly ignored weakens incentives for other states to comply and undermines the credibility of EU policy tools by highlighting discrepancies between ENP policy objectives and EU implementation strategy.
4. Similarly, the current model allows for independent foreign and trade policy by EU members towards ENP states, which erodes

confidence in unified EU policy. EU member states show a lack of cohesion by competing internally for optimal trade positions, further weakening incentives for ENP participants. This is evident in the difference between remarks given on the ENP by various Members of the European Parliament (MEPs) and by the EU High Representative of the Union for Foreign Affairs and Security Policy (HR).

5. In particular, the role of political conditionality in the accession process was effective due to the attractiveness of membership in the European Union; however, ENP countries are currently without prospects for membership and are generally governed by regimes for which the political costs of complying with the political conditions in the areas of democratic reform and human rights remain quite high.
6. In particular, conditionality (as part of values-oriented reforms) has been a large element of EU funding support for countries of the “Arab Spring.” Under highly politicized themes—“money, mobility, and markets” and “more and more” partnerships—the ENP sought to increase the access of the Union of the Mediterranean countries to EU markets, including through the negotiation of Deep and Comprehensive Free Trade Agreements. Yet, ENP trade agreements and aid commitments to states such as Morocco, Jordan and Tunisia remain highly conditional, and funds pledged to ENP participants cannot compete with non-conditional aid promised by other regional actors.
7. The political and economic realities facing ENP participants vary greatly, making the ENP’s underlying assumptions of shared regional values more of a hope than a reality, which in turn encourages ENP members to pursue agendas better aligned to individual interests. As EU Member States continue to participate in separate state-state relations with many ENP participants, the EU ENP policy loses credibility and effectiveness.

POLICY VISION

The Borders Workshop believes that:

8. The EU should *enforce rewards and restrictions put on agreements binding to ENP participating states uniformly across space and time* to avoid gaps in optics, credibility and policy. Simultaneously, *the*

EU needs to abandon a one-size-fits-all approach to ENP agreements and specifically tailor the conditions and incentives of each agreement to best drive EU policy reform objectives. If it were more strategically applied, the ENP has the potential to be an effective tool for initiating and maintaining constructive dialogue with EU neighbor states, especially among non-democratic regimes.

9. In order to prevent ENP participants from circumventing ENP conditions by establishing unilateral agreements (both trade and political) with EU states, *the HR should strengthen the Common Foreign and Security Policy to align Member States towards the uniform implementation of ENP policy targets.*
10. The ENP's broad range of partnerships, as defined by the original regional initiatives of 2004—the Eastern Partnership, the Union for the Mediterranean and the Black Sea Synergy—each require differentiated handling in order to effectively drive the EU's reform action plans. The EU has multiple points of leverage available that it can apply to crafting unique incentives for each partnership:
 - a. In particular, *opening up a track of membership accession to ENP participating states in the Eastern Partnership* in order to encourage proactive democratic reforms. Geographical proximity to Russia complicates the path to accession for many Eastern Partnership states, yet the EU has powerful opportunities to promote human rights and achieve progressive integration into EU economic structures. The potential for accession changes the diplomatic landscape in Eastern Europe, and necessitates a different approach to Russia than has been previously used.
 - b. In 2011, the EU promised to devote €5 billion (US\$7 billion) in economic aid to Egypt, pending specific reforms. By contrast, Gulf States pledged €5.9 billion (US\$8 billion) within several months without demanding preconditions and burdensome procedures. To keep EU aid relevant, EU agencies that regulate and budget foreign aid should develop *tailored economic aid packages for the countries of the Union of the Mediterranean* that can compete with non-conditional aid offered by other states in the region.
11. The EU should *increase the visibility of its projects with and investments within ENP participating countries* to the local citizens in order to ensure transparency and increase support for stronger ties between EU and ENP countries. In particular, the EU should

earmark a portion of ENP funding for “media relations”—working through both traditional advertising and online media channels to highlight how their investments are supporting the development of the ENP state.

PARTICIPANTS’ STRATEGY

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

12. Spotlight and publicize EU-ENP state partnerships and their measurable positive effects, especially where they engage civil-society in the participating countries.
13. Organize discussions and panels with EU policy-interested groups in different universities (through the think-tank model) to promote discourse and collect diverse ideas on reform opportunities in the current ENP framework. Lead emerging dialogues with civil organizations in ENP states to create grassroots catalysts for political reform.
14. Identify a set of customizable elements to the traditional ENP agreement to allow flexibility based on the political and economic factors facing a participating state. In particular, focus on areas of conditionality that can be adjusted to meet the needs of specific ENP states.

3. 5. Response

to 3. Borders

Achim Ladwig

European Union Fellow at The Fletcher School

The process leading to the successful *European Student Conference 2015*, which took place in Yale in February 2015, is well documented in the official conference report. Its first and visible result, the founding of a new think tank *European Horizons*, speaks volumes. And readers can now see for themselves another important result of this ambitious project: the first edition of the *Review of European & Transatlantic Affairs*.

But I should be remiss if I would not highlight one particular element of this process, before I comment on the four papers approved by the conference's borders workshop. Policy papers were prepared by students, encouraged to think out of the box. In a second step, these papers were presented to and intensively discussed with a mix of practitioners and academics. With this, we could take an interesting variety of views and experiences on board. Subsequently, students re-worked their papers based on these discussions and presented it again to the group. My sense is that everyone appreciated this format—although more time-consuming, the immediate feedback loop and subsequent presentation was helpful and interesting for all involved.

The borders workshop dealt with a broad subject matter and we thus could not cover all aspects. But even with this limitation, the entire debate underlined a reality which is coming ever more to the forefront: the European Union needs to manage migration better. As rightly mentioned in our debates and further elaborated in the working papers, people will continue to arrive at the EU's borders as long as they neither have a perspective nor safety at home. Moreover, it is important to also mention those who benefit from the plight of these people: criminal networks, traffickers and smugglers.

In 2014, more than 200,000 people entered Europe via the Mediterranean. And figures available for 2015 already suggest

that this year will see no fewer people trying to come to us.

These are numbers—but behind each number is a human being. A human being who has decided to leave his or her home country. And who often leaves family and loved ones behind. A human being who has got reasons to leave, who does not know what happens to him or her upon arrival at our shores and, perhaps most scarily, who cannot be certain how the journey goes or whether one even reaches the destination.

Migration and borders are complex processes and there are no easy answers. This requires a comprehensive approach. The new European Commission under President Jean-Claude Juncker has made migration one of its top ten priorities. The European Commission, together with Member States and other EU institutions, is fully committed to address the challenges of migration in a holistic manner. Above all this stands ensuring full respect of fundamental rights. It also involves engaging with countries of origin as well as third countries along main migration routes as part of the EU's cooperation on the Khartoum and Rabat process.

The papers presented at the borders workshop of the *European Student Conference 2015* contribute with ideas and reflections to the broader discussion on how to best tackle these enormous challenges ahead of us. Some ideas may have more potential to be implemented than others. Some may perhaps be discarded as too unconventional thinking. But it is important that different voices are raised, different options are presented and conventional wisdom is challenged. In that respect, I invite everyone who cares about this subject matter to read and take some ideas and inspiration from them.

Achim Ladwig is a European Union Fellow at The Fletcher School. Currently, he is a speechwriter for the Vice-President of the European Commission in Brussels and is responsible for press and communication matters. He is a guest lecturer, mainly on post-graduate European Studies and European Development Policy, at the University of Aachen, Germany.

3. 6. Response

to 3. Borders

Jolyon Howorth

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

“Without enlargement, Western Europe will always be faced with the threat of instability, conflict and mass migration on its borders.” – Tony Blair, Speech to the Polish Stock Exchange, Warsaw, 6 October 2000

The problem with Blair’s approach, of course, has been that each enlargement has led to even greater instability on the borders. Blair was making the case for enlargement to Poland, in order to avoid instability on the German-Polish border. The result was that the EU’s border became Belarus and Ukraine. The logic of Blair’s speech is that those two countries should therefore be admitted to the EU in order to avoid instability on those borders. The border would then become Russia. Enlargement to Turkey would give the EU a border with Syria, Iraq and Iran. Blair’s “logic” is fatally flawed. The fundamental security dilemma posed by EU and NATO “enlargement” has been that, as these two entities have moved ever closer to Russia proper, the blowback from Moscow has become ever more serious. With the events in Ukraine in the spring and summer of 2014, the dilemma became acute.

The post-1989 Enlargement Options: EU and NATO

From the moment the Berlin Wall fell, the issue of enlargement forced itself urgently onto the EU’s agenda. Initially, European political leaders were cautious or even negative. Margaret Thatcher tried hard to avoid even German reunification (the first such enlargement). Former French president Valéry Giscard d’Estaing

The fundamental security dilemma posed by EU and NATO “enlargement” has been that, as these two entities have moved ever closer to Russia proper, the blow-back from Moscow has become ever more serious. With the events in Ukraine in the spring and summer of 2014, the dilemma became acute.

went so far as to state that he would not wish to belong to a Europe that contained Poland.¹ A lively controversy surrounds the alleged efforts of François Mitterrand to team up with Mikhail Gorbachev to slow down the pace of change in Europe.² Mitterrand’s proposal, on 1 January 1990, to create a European “Confederation” including all the countries of continental Europe, including Russia, was a thinly disguised attempt to offer the Central and Eastern Europeans an alternative to EU membership. The debate at the time pitted those who felt that deepening the existing institutions and procedures of the EU should take precedence over widening. In

the immediate aftermath of the fall of the Berlin Wall, most West European statesmen concentrated on the former, while the new leaders of Central and Eastern Europe hankered for the latter. It rapidly became clear to everybody that EU enlargement was going to be a lengthy and complicated process. In June 1993, the “Copenhagen Criteria” were elaborated by the European Council as the targets which any aspiring EU member states from Central and Eastern Europe had to meet in order to qualify for accession: “stability of institutions guaranteeing democracy, the rule of law, human rights, respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.”³ At the same time, there were widespread fears that unresolved security problems left over from the 1919 Versailles settlement—borders and minorities across much of Central Europe—would generate conflicts similar to that which

¹ Valéry Giscard d’Estaing, “Notre Europe Telle Que Je La Vois”, *Paris Match* 19 July 1990

² Frédéric Bozo, *Mitterrand, the End of the Cold War and German Unification*, Oxford Berghahn, 2009; Tilo Schabert, *How World Politics is Made: France and the Reunification of Germany*, Columbia, University of Missouri Press, 2009; Jolyon Howorth, “France and the Unification of Germany: Clio’s Verdict”, *French Politics, Culture and Society*, 29/1, Spring 2011

³ Frank Schimmelfennig, “The Community Trap: Liberal Norms, Rhetorical Action and the Eastern Enlargement of the European Union”, *International Organization*, 55/1, 2001; Tim Haughton, “When does the EU make a difference? Conditionality and the Accession Process in Central and Eastern Europe”, *Political Studies Review*, 5/7, 2007

erupted in Yugoslavia. The “Balladur Plan” in 1994–1995, named for the French prime minister, was a complex diplomatic process whereby all Central and Eastern European countries were obliged to sign treaties with all their neighbours testifying to the resolution of all outstanding security issues between them. This too was a condition of accession to the EU. These treaties are collectively lodged with the OSCE. EU enlargement became a major obstacle course and it was not until 15 years after the end of the Cold War, in 2004, that the Central and Eastern European countries, along with Cyprus and Malta and the Baltic states were finally admitted.

Given the sheer complexity of acceding to the EU, it is hardly surprising that the Central and Eastern European states prioritized NATO membership. At a meeting to inaugurate the Holocaust Museum in Washington DC in April 1993, President Clinton briefly received the leaders of Central and Eastern Europe one at a time. They

all made the same request: NATO membership.⁴

Clinton agreed and six months later launched the Partnership for Peace initiative at a meeting of NATO defence ministers in Travemünde. Within four years, Poland, the Czech Republic and Hungary were invited to join and became full members in 1999.⁵ But NATO enlargement, unlike the widening of the EU, was immediately perceived by Russia as a major security problem. Although the invitation to the three Central European countries was accompanied by a parallel overture to

In a 1998 interview with the New York Times columnist Thomas Friedman, Kennan argued that “NATO expansion set up a situation in which NATO now has to either expand all the way to Russia’s border, triggering a new cold war, or stop expanding after these three new countries and create a new dividing line through Europe.” The events in Ukraine in 2014 constitute an eerie echo of that assertion.

⁴ Catherine Kelleher, *The Future of European Security*, Washington DC, Brookings, 1995

⁵ Wade Jacoby, *The Enlargement of the European Union and NATO. Ordering from the Menu in Central Europe*, Cambridge University Press, 2006

Moscow, offering dialogue and cooperation via a “Founding Act on Mutual Relations, Cooperation and Security,” the Russian security community was by no means mollified. The enlargement of NATO was portrayed by its advocates as a benign project for the stabilization of Central Europe with no hostile implications for Russia. Indeed, it was asserted that, by bringing stability to Russia’s hinterland, this would be directly in Russia’s own interests.⁶ Its many opponents in the US saw it, on the contrary, in the words of perhaps its harshest critic—the father of “containment,” George Kennan—as “the most fateful error of American policy in the entire post-cold war era.”⁷ In a 1998 interview with the New York Times columnist Thomas Friedman, Kennan argued that “NATO expansion set up a situation in which NATO now has to either expand all the way to Russia’s border, triggering a new cold war, or stop expanding after these three new countries and create a new dividing line through Europe.”⁸ The events in Ukraine in 2014 constitute an eerie echo of that assertion.

Jolyon Howorth is Jean Monnet Professor of European Politics and personam and Emeritus Professor of European Studies at the University of Bath (UK). He has been a Visiting Professor of Political Science at Yale since 2002. Since 2008, Professor Howorth has been Visiting Professor of Political Science and International Affairs, dividing his teaching between the Political Science Department and the International Affairs Council/Jackson Institute.

6 James M. Goldgeier, *Not Whether but When: The US Decision to Enlarge NATO*, Washington DC, Brookings, 1999; Ronald D. Asmus, *Opening NATO’s Door: How The Alliance Remade Itself for a New Era*, New York, Columbia University Press, 2004; Gerald B. Solomon, *The NATO Enlargement Debate 1990-1997: The Blessings of Liberty*, New York, Praeger, 1998

7 George Kennan, “A Fateful Error”, *New York Times*, 5 February 1997

8 Thomas Friedman, “Foreign Affairs: Now a Word from ‘X’”, *New York Times*, 2 May 1998

Transatlantic Relations

4. 1. Customer Protection

SUBMITTED BY

Tracy DiPetrillo, Jordan Norris
and Brian Reil

OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

- I. Sustainability
 - a. Both the EU and the US have made significant commitments to tackling climate change.¹
 - b. At present, the sustainability positions of the EU and US with regards to the TTIP are sparse on concrete plans of action.²
 - c. Opening up the energy industry through TTIP may lead to understated environmental impact,³ which conflicts with the EU and US's commitment to climate change.
 - d. It currently appears that the US stands to become a crucial natural gas exporter and the EU could likely become ma-

¹ US: <http://www.whitehouse.gov/energy/climate-change>, EU: <http://ec.europa.eu/clima/policies/brief/eu/>

² http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151626.pdf

³ http://action.sierraclub.org/site/DocServer/TTIP_Report.pdf?docID=13541

for importer. The transportation of such energies cause environmental as well as possible economic concerns for consumers.

2. Differences that cause key concerns for consumers are within the agriculture and food industries.
 - a. The 'Precautionary Principle', which is adhered to by the EU,⁴ but not by the US.
 - b. The EU General Food Law Regulation recognizes non-scientific factors (e.g. ethical factors) within its regulations, contrasting to US law which does not recognize these issues explicitly.
 - c. As food supply chains become increasingly global and more complex, traceability of contaminations becomes more crucial. While both the EU and the US have their own systems in place to trace-back contaminations and alert consumers, as more non-tariff barriers are decreased, the efficiency of these two systems becomes more vital.
3. Consumers are also expressing concerns within the chemical industry:
 - a. It is often that the European Union acts more swiftly when proposing new regulations. On June 1, 2007, the European Union established "Registration, Evaluation, Authorisation, and Restriction of Chemicals" (REACH for short) forcing companies to register any chemicals, no matter if it is for internal use or sale.⁵ While cooperation between EU and US firms will lead to more innovative chemicals or uses for existing chemicals, it is believed that this cooperation would accelerate faster than regulatory agencies will be able to protect citizens and the environment.⁶

4 http://ec.europa.eu/dgs/health_consumer/library/pub/pubo7_en.pdf

5 <http://echa.europa.eu/regulations/reach/understanding-reach>

6 http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153005.pdf

POLICY VISION

The Transatlantic Relations Workshop believes that:

4. Consumer well-being should be an underlying theme within the TTIP negotiations, for instance, through the proposal of strategic initiatives relating to the TTIP's influence on future trade and product standards.
5. A "Task Force" should be established, which brings together relevant negotiators and interest groups.
 - a. The primary purpose of the Task Force is:
 - i. To continue working towards reducing barriers between US and EU markets where the initial TTIP negotiations cannot.
 - ii. To evaluate the effects of the TTIP where consumer interests are concerned.
 - iii. To ensure clarity and transparency to consumers.
 - b. The organization shall consist of US and EU representatives from government, industry, consumer groups and any other relevant interest groups, which may include but is not limited to:
 - i. European Consumer Centers
 - ii. The Association of European Chambers of Commerce and Industry
 - iii. The U.S. Bureau of Consumer Protection
 - iv. The U.S. Chamber of Commerce
 - v. The Transatlantic Consumer Dialogue (TACD) forum
 - c. During the TTIP negotiations, the Task Force will analyze proposals by each respective party to determine the potential impact on consumers and highlight any areas which negatively impact consumer protection.
 - d. After the ratification of TTIP, the Task Force will:
 - i. Where the TTIP does not address policy differences between the US and the EU, such as the Precautionary Principle, the Task Force shall research and develop ways to reduce any barriers which these differences may produce, with the objective of long-term regulation convergence.

- ii. Periodically review the impact of TTIP, with a specific focus on consumer well-being. This monitoring should proceed through regular reports presented to the appropriate representatives of the EU and US, which include the task force's recommendation on policy progression.

6. Sustainability

- a. The TTIP agreement should be used to further the EU's and US's commitment to climate change through concrete plans of action imbedded in the TTIP agreement.
- b. If access to the carbon-centric energy industry is granted by the TTIP, then each benefit should come with a respective obligation reflecting the environmental cost.
 - i. For example, the reduction in oil prices granted to the EU by providing access to the US oil market should come with a price. That is, a levy on US oil with the revenue restricted to funding investment in green energy alternatives.
- c. Establish a carbon credit system in the US and work towards the joining of the EU and the newly established US carbon credit system.
- d. Promote transatlantic cooperation between institutions for the purpose of developing innovations in renewable energy technology.

7. A unified database should be established in order to promote harmonized product classifications and codes, share information tracking the flow of products, develop a more effective consumer safety alert system, and assist institutions in conducting further research on potential hazardous goods, services and procedures.

- a. This database should include, but is not limited to, the following:
 - i. Safety and stability studies or reports
 - ii. Product recalls and warnings
 - iii. Material composition, or practices that include any potentially harmful chemicals, unless protected by trade secrecy laws
 - iv. Manufacturing location, batch records, quality control records, material safety data sheets
 - v. Certifications and regulatory approvals

- b. The database should integrate serialization efforts ongoing in the pharmaceutical industry and should be expanded to other product industries, beginning with the chemical industry and food and agricultural industries, subject to health and food safety guidelines.
 - c. Explore opportunities to develop common labeling practices among products regarding nutritional and safety information.
8. TTIP should establish minimum advertising guidelines to protect the targeted consumers.
- a. National laws in terms of minimum ages to partake in relevant activities, such as gambling, or consuming substances such as tobacco and alcohol, should always be respected. Age groups outside of the legal range should not be used or targeted in any marketing activity.
 - b. Advertisements should display public safety messages, where the product is known to have risks. For example:
 - i. “Please drink responsibly” for alcoholic beverages
 - ii. A complete list of known potential health risks for medications.

PARTICIPANTS’ STRATEGY

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

- 9. Survey students at their respective schools on their knowledge about TTIP, and its impact on customer protection.
- 10. Contact the proposed task force and present them with student perception of the US-EU trade negotiations.
- 11. Inform students about the TTIP agreement and the Precautionary Principle. Students may be informed through mediums such as:
 - a. Student newspapers
 - b. Informational emails
 - c. Lectures

12. Provide students with a medium through which they can voice their opinions about TTIP negotiations. Possible media include:
 - a. Online forums
 - b. An organization devoted to US-EU relations, including TTIP, in university campuses in order to create a vector that will unite students and professors willing to participate in a wider discourse on economic relations

4. 2. Transparency and the Negotiating Process

SUBMITTED BY

Caroline Powers, Chloe Verschuren,
Daniel Kilimnik and Fil Lekkas

OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. Transparency remains a highly contested and publicized issue in the debate surrounding the Transatlantic Trade and Investment Partnership (TTIP).
2. There has been a movement towards greater transparency surrounding the negotiation of the agreement. The European Commission's (EC) November 2014 decision to release documents related to the negotiating of TTIP in an effort to dispel misconceptions surrounding the deal¹ was a major step towards greater transparency.
3. However, despite this decision, the negotiating team has yet to release papers on many divisive areas of the negotiations, such as papers on tariff and energy negotiations.² Green MEPs and others continue to criticize the process as insufficiently transparent,³ with big business driving the talks in place of the wider, general public.
4. Both sides of the negotiating table have accused the other of protecting specific industry interests. This claim further hampers the negotiating process and the ability to provide further transparency.

¹ Joe Benton, "Parliament round-up: MEPs give mixed response to release of TTIP documents", *The Parliament*, January 12, 2015, <https://www.theparliamentmagazine.eu/articles/news/parliament-round-meps-give-mixed-response-release-ttip-documents>.

² Robin Emmott, "EU publishes confidential papers to defend U.S. trade deal", *Reuters*, January 7, 2015, <http://in.reuters.com/article/2015/01/07/us-eu-usa-trade-idINKBNoKG1EA20150107>.

³ Molly Scott Cato, "I've seen the secrets of TTIP, and it is built for corporations ...", *The Guardian*, February 6th, 2015, <http://www.theguardian.com/commentisfree/2015/feb/04/secrets-ttip-corporations-not-citizens-transatlantic-trade-deal>

5. A major barrier to greater transparency is the concern over the “sensitive nature” of the documents. The Commission is concerned that releasing more of these documents publicly would have a detrimental effect on their ability to negotiate effectively and compromise the trust between the negotiating team. The balance between informing those not directly involved in the negotiations and keeping an advantageous negotiating position seems to be directly in question.
6. The decision to release these documents is revolutionary, as this level of transparency has not historically been seen in EU trade negotiations.⁴ The current issue seems to be how much further the Commission will take the issue of transparency, as some still believe there is more to be done. Ultimately, however, we conclude that this unprecedented level of transparency and public access to negotiating positions and documents is in fact more than sufficient. Given this amount of information, the public has the ability to be well informed about the negotiations as they proceed.
7. Since it seems that the final TTIP agreement will be “mixed,” meaning that its terms will impinge on policy areas held by Member States as well as the EU, national parliaments will need to ratify the agreement.⁵ Therefore, their perspectives and needs will need to be considered throughout.
8. The role of the European Parliament (EP) in the negotiating process of TTIP is unclear to the public at large. The treaty that grants the Commission the power to negotiate also demands that the EP be “immediately and fully informed at all stages of the procedure.”⁶ The EP is in fact closely monitoring the course of the negotiations. Furthermore, the EP has already adopted two substantive resolutions to the TTIP, and are in the process of drafting a third.

4 Sebastian Dullien, Adriana Garcia, and Josef Janning, “A Fresh Start for TTIP”, *European Council on Foreign Relations*, February 2, 2015, http://www.ecfr.eu/publications/summary/a_fresh_start_for_ttip330.

5 “European Commission - PRESS RELEASES ... - Europa.” 2014. 6 Feb. 2015 http://europa.eu/rapid/press-release_SPEECH-14-406_en.htm.

6 Heidi Hautala, “Lack of transparency in TTIP - a case for the ECJ”, *TTIP: Beware What Lies Beneath*, <http://ttip2014.eu/blog-detail/blog/TTIP%20ECJ%20Transparency.html>.

POLICY VISION

The Transatlantic Relations Workshop believes that:

9. The European Parliament is the appropriate branch of government for supervising negotiations. As the agent who will eventually decide whether or not the TTIP will pass, it needs to continually inform policymakers about the democratic viability of the compromises being made. In giving MEPs more power throughout the negotiation process, the gap between the public, elected officials and elite Commission figures can be more adequately bridged, while elected parliamentarians still have the right to use their democratically legitimated powers of discretion to function as gatekeepers of information.
10. However, since it is likely that the final agreement will be “mixed,” involving national parliaments must be considered a higher priority than was previously acknowledged. Concretely, we believe that members of national parliaments involved in policy areas related to the TTIP, such as those on sub-committees for trade, be given the same privileged access as current MEPs—specifically, access to the reading room—with the US’s consent. Moreover, we believe that the EP should consult and/or debate with the parliaments of Member States, whose approval will also be required for the final negotiated text of TTIP to pass, to get a sense of the concerns of citizens and legislators in each Member State.
11. In addition to addressing concerns about the TTIP, this policy should also ensure that national legislatures are empowered relative to national executives, which should decrease the democratic deficit in the EU as a whole. To aid in the process of more public consultation, EU Member States should regularly convene their national parliaments and poll their citizens to determine what their concerns are.
12. However, this committee cannot rely solely on the opinions of national parliaments for directions on what issues to be vigilant about. It should also seek the advice of civil society more widely, potentially through more extensive consultations and high-profile televised debates between parliamentarians, national politicians, civil society groups and average citizens. To address concerns about the TTIP being pushed through without the attendant democratic debate, parliamentarians who will be voting on this need to be engaged in a conversation well before the point comes where they are asked to vote for or against the policy.

13. One of the greatest concerns is that while we believe transparency has been fully implemented in the negotiating process, many continue to dispute this fact, often on a factually incorrect basis. The solution for this is education; the public must be informed that they have the ability to access the information that is currently available to them. The public must also be made aware of the fact that the EP has been continually involved and consulted in the negotiating process, and is actively involving national parliaments.
14. In addition to facilitating debate within the parliaments of Member States, national parliaments must also take up the responsibility of informing their citizens that these opportunities are available to them. We believe that national parliaments should adopt this role because many European citizens are resistant to mandates or directives that come from Brussels or the overarching Commission. In order to empower national parliaments as the locus of citizen activism, we ultimately propose that these parliaments educate their publics regarding the negotiations, engage in frequent and productive debate, and continue to seek counsel with their fully informed counterparts in the European Parliament.

PARTICIPANTS' STRATEGY

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

15. As we have identified misconceptions concerning the transparency surrounding the TTIP, we believe that students such as ourselves can play a direct role in the diffusion of correct information with the purpose of assuaging public concerns and criticisms.
16. In order to fully realize these innovative ideas, we as university students can and should first reach out to our own individual educational communities. By initiating the set up of collaborative think tanks modeled after the *European Student Conference* (ESC) format, we can begin to cultivate an interest in topics such as the TTIP and transatlantic relations more broadly.
17. These think tanks would involve a multilateral effort on the part of university students and faculty, policy experts and even those with private sector experience working between the US and the

EU. By publishing frequent articles or essays relevant to the future of Europe, these groups will add an important voice to the realm of think tanks that already exists in the United States. It will be unique in that those people contributing will come from different places in life: students with new and unconventional ideas, policymakers with battle-hardened experience, and businessmen/women with commercial perspectives.

18. Many graduate and undergraduate institutions already have departments for international affairs, global economy and even European studies. These are ideal environments in which think tanks can grow and develop under an institutional framework that is already in place.
19. If such a movement were successful at universities in the United States, the idea of student-faculty think tanks could be exported abroad, to spark the interest of European youth. The goal of such a strategy is to ignite greater civil participation on a range of important issues, especially the future of transatlantic relations.
20. In addition to reaching out to our own universities, we can use our skills in research and our passions for transatlantic affairs to write and publish papers on the biggest issues in US-EU relations and policy solutions we might have. From school newspapers to academic journals, there are various outlets for student research that we hope will reach a broader audience.
21. Finally, social media is becoming an increasingly important tool for people to transmit ideas. In fact, as of one year ago, 74% of online adults use social media websites, with Facebook being the most popular.⁷ We as participants in the ESC intend to utilize our knowledge of these mediums of communication to project our policy visions outward. We hope to bring our unique ideas to various forums across the Internet, in an attempt to start similar conversations around the world.

⁷ “Social Networking Fact Sheet,” *Pew Research Center’s Internet & American Life Project*, January 2014, <http://www.pewinternet.org/fact-sheets/social-networking-fact-sheet/>.

4. 3. An Energy Chapter in the TTIP Agreement

SUBMITTED BY

Michał Długosz and Marloes Jongewaard

OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. The Transatlantic Trade Integration Project (TTIP) aims to minimize any type of border which slow down trade in goods, services and investments between the United States and the European Union. The goal of the TTIP is not only to harmonize regulations and standards—important non-tariff trade barriers—but also to eradicate the few remaining trade-inhibiting tariffs.
2. The energy component of the TTIP seeks to reconcile the strong tensions between the principles of non-discrimination and market access with sustainability and respect for environmental standards.
3. Currently, most of the trade in energy products and raw materials (including non-energy raw materials like bauxite, germanium, gallium, cobalt, rare earth minerals and tantalum) is subject to international private law and—as such—commercial arbitration. Despite the fact that general WTO rules may adequately address trade in energy (basic rules are applicable and may be enforced by the WTO dispute settlement mechanism), international trade law provides a limited framework only, which does not correspond to the reality and necessities of the modern world.
4. The main problem with the regulation of energy issues is the fact that by its very nature, the energy market lacks a fundamental division between goods and services, which is reflected in the lack of a necessary framework of categorization. Furthermore, in the current WTO system, energy regulations are to be found in different chapters and subheads, causing a decrease in transparency and effectiveness. It is important to remark that the main goal of

the WTO is to reduce import barriers regarding energy, in which case it is crucial to lift export taxes and export barriers.

5. The two parties involved in the negotiations have different standards for products such as food, chemical products and energy. As the United States of America has not signed the Kyoto protocol, the European Union standards in most fields are higher than those of the United States. The TTIP has therefore alarmed European environmental organizations, which fear a lowering of EU standards. However, it is also important to notice that in many ways, the European Union does not—yet—act as one party in energy negotiations with third countries. Energy arrangements are still arranged on the national level.
6. However, it is important to notice that the TTIP negotiations have created fear for a step back in environmental standards in the energy field on both sides of the ocean. In the USA, for example, different NGOs have joined their forces and started a campaign warning of seven possible environmental consequences of the TTIP, asking the question “T for Toxic?” Together, the organizations ask for transparency of the conditions negotiated so far and seek support in order to put pressure on the parties negotiating the agreement to consider the environment and to be frank about the negotiation process.
7. The “Shale revolution” has transformed the outlook of the American energy market. Extensive usage of shale oil and gas has not only decreased American dependency on import of these fossil fuels, but has also lowered the price of gas, which nowadays stands at one-third of the global average. As expected, the USA will have become an important gas exporter by the year 2016 because of LNG technology.
8. Currently, due to provisions of the Natural Gas Act (1938), it is very difficult to export homeland resources by restricting export possibilities (due to the obligation of license for exporters from the Department of Energy and Federal Energy Regulations Commission). Nowadays, there is the possibility of certain simplifications for export to states associated with Free Trade Agreements (32 licenses issued for FTA states compared to 7 licenses issued for export to countries not associated with FTAs).
9. The European Union needs to import more fossil fuel reserves such as natural gas and oil, and the United States could provide these. A clear chapter enabling easy export of these resources

from the US to the EU would therefore provide an economic win-win situation—the US could meet the EU’s demand and make more money in doing so.

10. However, there is also a downside to this market mechanism. In May 2014, an EU draft position paper was published by the Washington Post. It exposed the EU’s wish to import more “coal, crude oil, oil products, natural gas, whether liquefied or not, and electrical energy” from the US. Increased import of these fossil fuels would lead to a total increase in the exploitation of fossil natural resources and of fracking, an increase of the EU’s reliance on fossil fuels, a limitation of the ability to set terms on energy policy because of interdependence and probably also to a restriction in the development of programs for alternative energy.
11. The EU’s demand for gas that can be met by the US’s supply would probably increase the practice of fracking by the United States, as the American need for gas would increase. Fracking includes risks such as groundwater contamination and air quality degradation. However, there is no European nor American stand on the practice of fracking yet.
12. The draft position paper exposing the EU’s wish to increase imports was not meant to become public, as most of the negotiations are. Therefore much of the protesting against the TTIP is not directed against its content, but against the lack of transparency of the negotiation process. An often-heard complaint is that it is impossible for European citizens to follow what is discussed in the negotiations. In order to improve this image, the European Commission has recently launched actions in order to try to make the negotiation process more accessible. All position papers that are sent to the US are accessible for the public.

POLICY VISION

The Transatlantic Relations Workshop believes that:

13. Taking into account that trade in energy products is one of the policy areas least regulated by WTO law, we strongly encourage the inclusion of a special TTIP chapter devoted to energy, which will have to cover bilateral trade and investment. The main aim of

this chapter would be to strike the right balance between market gains and sustainability and environment conservation. Simultaneously, such a chapter may serve as a role-model mechanism for similar regulation in the framework of the WTO and may contribute to new global standards in energy and raw materials trade.

14. Because the TTIP is a revolutionary type of agreement, it will be important not only in itself, but also because it will probably serve as a blueprint for future trade agreements with other partners. It is therefore important to take a stand against further environmental pollution and start respecting the opinion of experts.
15. The TTIP could serve as an incentive for the EU to start cooperating more in the field of energy policy in order to take a stronger position as a global player. The workshop is aware of the fact that the realization of such cooperation will not be a simple task, but the history of European integration has seen other challenges.
16. The chapter should further include references to the principles of:
 - a. Good governance,
 - b. Transparency,
 - c. Free access to markets,
 - d. Pro-competitive regulation and
 - e. Free access to natural resources.
17. An important part of the chapter should be dedicated to the common position on fair access to raw materials (including rare earth minerals) in accordance to the European Commission's "raw materials strategy." It would include lifting of quotas and barriers on export. A second issue worth mentioning is the condemnation of the "double pricing mechanism" of energy products, a measure distracting global trade. It would send a strong signal to third parties and help to set global standards.
18. Both parties should include measures providing more transparency and easier mutual access to renewable industries in accordance to "green goods initiative" within the framework of the WTO, supported by the USA and the EU initiative.
19. Ideally, the EU and the USA should work towards achieving a common ground in relation to environmental standards related to energy products and raw materials. Environmental standards

are important for the health of the global population and the earth itself. It is important to make the negotiation process for the TTIP more transparent to enable officials, organizations and citizens to check whether these standards will be safeguarded in the future. The difficulty with the TTIP is that its main focus is economic gain and a fastening up of the trade process, which puts environmental issues in second place.

20. It is impossible to synchronize European and American regulations on the most contentious issues such as fracking. The member states of the EU themselves do not agree on this matter. As mentioned above, we suggest that the EU take a more common stand regarding energy policy. We suggest the same for standards on, for example, fracking. Intergovernmental, governmental and non-governmental organizations, on a global level, also warn for the dangers of the practice of fracking. Until common standards for both the US and the EU are possible, the main aim should be to achieve modest common standards, which would promote mutual investments and trade. However, as the planet does not belong to Europeans or Americans only, it makes sense to aim at regulations on a global level in the future.
21. One contentious issue is the EU's fuel quality directive (FQD) that imposes stricter environmental rules on fuels. It requires fuel suppliers in Europe to reduce the greenhouse gas emissions from road fuels by six percent by 2020 compared to 2010. The direct result is that the FQD would effectively ban fuel refined from oil sands in the EU. The purpose of the TTIP energy chapter would be to find a balanced approach to avoid such regulatory clashes.
22. We call for the inclusion of legally binding commitments guaranteeing the free export of American gas to Europe. In this regard, American gas should obtain a "national treatment clause." The chapter should replace the current mandatory and non-automatic export licensing procedure with a process by which licenses for energy exports to the EU are granted automatically and expeditiously. The export of gas is determined by market price mechanisms, but a provision such as a national treatment clause would abandon important legal barriers.
23. What is missing in the American Energy Policy Act (2005) is a standard on a percentage of energy coming from renewable sources. Without this standard, there is no limit to the usage of fossil fuel resources and thus it will keep increasing. The EU and the

US should agree on this percentage, as regulations will decrease the influence of market-based decisions. It is difficult to realize this at the moment, but the TTIP could serve as a starting point.

24. With regard to the environmental regulations in the TTIP chapter on energy, international organizations could provide some useful guidelines. For example, the IPCC (Intergovernmental Panel on Climate Change) has given the warning that two-thirds of the existing fossil fuel reserves must stay in the ground in order to avoid escalating environmental crises. As explained above, vanishing of the non-tariff trade barriers for energy between the EU and the US would most probably lead to an overall increase of the usage of fossil fuel reserves. For the preservation of the planet, it would be better to let the advice of climate experts prevail over that of economic gain.

PARTICIPANTS' STRATEGY

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

25. Raise the public's awareness of both the TTIP itself and the lack of information available on its exact conditions. This could be done through academic publications, but also—in order to reach a wider public—by approaching national media such as newspapers and television stations or by participating in online blogs.
26. It is necessary to engage European and American experts and think tanks in permanent debate and learn from their expertise on the strategic, economic and political dimensions of the TTIP.
27. The US-EU Energy Council is a suitable organ for providing a more transparent approach to the negotiations on energy and the TTIP.

4. 4. 1. Harmonizing Regulations and Standards

SUBMITTED BY

Magdalena Biereder, Michael Rabinovich
and Katherine Tepper

OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. Excessive and unnecessary duplication of standards exists between European and American regulations in many of the most important sectors of industry (including auto-safety requirements, chemical sales, assessment and safety, pharmaceuticals, cosmetics, inspections of medical devices, textiles and food safety). Unnecessary duplication occurs when American or European companies that sell products in both markets are forced to comply with two different sets of regulation that serve the same public good. This raises transaction costs and makes trade burdensome.
2. Absence of a common database to compare and contrast American and European standards to understand these problems of duplication, which could possibly be solved with a common database of regulations accessible to businesses and consumers. Increased eSignature verification harmonization would also increase digital security cooperation and reduce transatlantic cybercrime. Further cooperation in the sphere of data protection and copyright law would aid in the creation of a Digital Single Market (DSM).¹
3. Customs procedures and tariffs still constitute major obstacles to fast and cheap trade between the US and Europe. Most traded products are subject to customs duties or tariffs of an average of 4% and which can reach as high as 32% on some products.²

¹ Kroes, Neelie. "A Transatlantic Digital Single Market?" European Commission. 19 September 2014.

² "Why TTIP matters to European Business." Business Europe. April 2014.

Even low tariff barriers have significant impact on small and medium-sized enterprises, which often operate on small profit margins. Customs procedures cause significant delays and in many cases, products have to undergo the same procedures twice.

4. Proliferation of domestic preference programs creates restrictions for cross-border public procurement projects. The EU and the US have the largest and second-largest public procurement markets in the world. Although international treaties such as the WTO Agreement on Government Procurement (GPA) already govern public procurement, domestic preference programs such as US public tenders that include “Buy-American” clauses give preference to domestic companies or requires the use of US-made goods for bidding companies. Respective provisions can be found at the federal level, state level and sub-state level, leading to a highly complex regulatory framework.
5. Labor standards diverge widely between the US and EU in areas of unjust termination, maximum working hours, paid annual leave, worker representation in business and workplace safety and health rules among transnational corporations.³ Both the US and the EU have an opportunity to harmonize labor standards and create an even playing field through analogous passage of labor legislation. For example, the EU implements its labor standards through directives from the European Council which require Member States to enact national legislation and enforce the standards, which remain largely standardized across member nations.⁴ Similarly, in the United States, most labor standards are regulated at the federal level with only several issues such as workers’ compensation and unjust dismissal regulated at the state level primarily through previous court rulings, rather than explicit laws.⁵
6. The US and the EU have onerous visa regimes for business travelers who visit both economic blocs very frequently, or receive money for their travel. To increase the ease of doing business, it is imperative to allow a certain category of business travelers who provide mutual economic benefit to visit the US and EU without a visa to ensure that international trade and commerce flows unimpeded.

3 “Labor Rights, Manufacturing, and the Transatlantic Trade and Investment Partnership”. Economic Policy Institute. 3 September 2013.

4 “U.S.-EU Free Trade Agreement (TTIP).” AFL-CIO. 3 February 2015.

5 “Comparing and Quantifying Labor Standards in the United States and the European Union.” Michigan State University School of Labor and Industrial Relations. 19 September 2003.

7. In light of the recent financial crisis, the EU's and the US's financial markets must be seen as *interdependent*. Although the EU and the US adopted different approaches in the aftermath, it is crucial to acknowledge the importance of the financial services sector for the transatlantic economy.

POLICY VISION

The Transatlantic Relations Workshop believes that:

8. In order to reduce the unnecessary duplication of regulatory standards, we propose the following:
 - a. The US and the EU must engage in sector-specific negotiations to consolidate and standardize regulations, in which each sector examines the various regulatory approaches and decides on the one that most sensibly takes into account the realities of that sector. In many cases, these negotiations will take on the principle of the *highest common denominator*. A new system of regulations would combine industry standards to create one universal regulation where the highest level of protection in regulations prevails, to keep consumer safety and protection as the highest priority. Each industry must quantitatively decide what their respective highest standards are through additional negotiations.
 - b. In areas where regulations are significantly different, but have a similar standard of protection, such as the regulations regarding automobile safety, the principle of *mutual recognition* should be used.
 - c. These negotiations will be held with the acknowledgment that certain regulatory areas, such as GMO policy, will not be easily agreed upon through these methods, and we must accept that unified standards may not be possible in every policy area.
9. In all negotiations to consolidate regulations, *mutual trust* should be fostered in every way possible between regulators, with no bias held to either side in any phase.
 - a. Regulatory agencies must establish cooperative part-

- nerships as examples for regulatory agencies. Existing partnerships between the American FDA and European Medicines Agency, and between the American Chemistry Council and European Chemical Industry Council,⁶ must be strengthened. Private partnerships can act as “middle agents” to help set neutral standards in case of disputes of highest common denominator regulations.
- b. The US and the EU must create a comprehensive database accessible to all American and European businesspeople and consumers, with “sector-specific, web-based platforms for the most commonly traded goods and services that clearly delineate different regulatory policies and outline requirements for shipping, labeling, testing, certification and customs clearance,”⁷ as well as a record of all current progress made to reduce duplication or consolidate standards.
 - c. The US and the EU must acknowledge where regulatory cooperation is unlikely to come to fruition. The most pertinent example is the sale and use of genetically modified organisms, or GMOs in food products. Most European citizens are staunchly opposed, based on safety, fundament or health, to the use of GMOs,⁸ and European regulation requires strict labeling of food products containing GMOs. On the other hand, American trade groups have fought GMO labeling laws, making compromise very difficult in this space.
10. Create an addition to the WTO Agreement on Government Procurement (GPA) that:
 - a. Treats EU/US companies as if they were domestic companies in relation to each other for protectionist clauses.
 - b. Creates a joint database to provide information on the complex regulatory framework of public procurement tenders.
 11. In order to allow cheaper and faster trade between the US and Europe, we propose the following:

6 Benka, Samuel. “Regulatory Convergence in the TTIP: Facilitating Trade and Cooperation in the Transatlantic Region.” *America’s Trade Policy*. 10 June 2014.

7 “The Transatlantic Trade and Investment Partnership: Big Opportunities for Small Business.” *The Atlantic Council: Global Business & Economics Program*.

8 “Biotechnology Report.” *Eurobarometer: The European Commission*. 2010 October.

- a. All tariffs for products should be eliminated between the United States and Europe. Tariffs can be phased out by cutting the rates by 400 basis points every year, with the highest tariff of 32% being phased out over 8 years.
 - b. Custom procedures need to be streamlined and overlaps avoided. This can be achieved through information exchange and enhanced cooperation between the custom authorities.
12. In order to increase labor convergence, we propose the following:
- a. The US must pass legislation that requires companies to provide temporary workers with equal labor treatment with regard to pay, overtime, breaks, rest periods, night work, holidays and the like, as provided for in the EU Directive on Temporary Agency Work.
 - b. The US and the EU must try to find common ground on labor protection, especially as regards to worker protection and worker representation.
13. In order to increase labor mobility, we propose the following as part of parallel negotiations to the TTIP:
- a. Treatment of all EU citizens alike for US immigration policies.
 - b. Removal of the US cap on H-1B visas for European citizens and creation of the possibility for unlimited renewal every two years, similar to the current H-3 visa agreement in place between Australia and the US.
 - c. Development of a trusted “Transatlantic Expedited Entry” program through the creation of a supranational electronic document submission database similar to the US Customs and Border Protection (CBP) Global Entry program for expedited border crossings.
 - d. Exemption of intra-company transferees from obtaining H-1B visas for up to a year, especially traders, investors and employees with a similar level of specialized expertise.
14. In order to foster a united transatlantic regulatory strategy for financial services and the financial markets, we propose the following:
- a. Regulators in the EU and the US shall be obliged to consult with each other when legislation on financial services

or other related regulatory measures are intended to be enacted or adopted.

PARTICIPANTS' STRATEGY

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

15. *Institutionalize Transatlantic Student Conferences on a biannual basis* that will bring together European and American students from all disciplines. Topics should center around the various standardization issues. As a first conference, we propose a Labor Convergence Conference that will bring together primary stakeholders such as trade organizations, unions, regulatory bodies and leading professors to create an updated *Declaration of Fundamental Principles and Rights at Work* from 1998. The new treaty will include concessions from both the United States and the EU to create a common set of worker rights and contractual obligations that will be the basis for the labor convergence that we seek across the Atlantic. Participants of these conferences will be able to include a transatlantic mindset in their post-student careers and eventual policy work. They will thus serve as stakeholders of the transatlantic agenda in the future.
16. *Organize public speaker events and panel discussions at their universities* and thus raise awareness for the transatlantic agenda. It is crucial to provide information about the potential economic benefits stemming from enhanced cooperation under the TTIP to a broader audience. We can help to create an informed civil society, which will be able to influence stakeholders and policy makers.

4. 4. 2. Response

to 4. 4. 1. Harmonizing Regulations and Standards

Pascal Lamy

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

I would like first to congratulate all the students involved in the Transatlantic Relations Workshop of the *European Student Conference* 2015. Their five policy papers have succeeded in pointing out important future challenges and in presenting stimulating proposals for further reflection.

My comments will focus on the policy paper entitled “Harmonizing Regulations and Standards”. It correctly aims for the right level of ambition for further transatlantic opening (complete elimination of tariffs, inclusion of financial services in the parameter of the negotiations, addressing the “Buy-American Act,” which significantly restricts access to US public procurement in comparison with the European side). Yet several issues mentioned—such as the harmonization of labor standards and visa liberalization—would specifically require strong political support on the US side, which remains unlikely.

The paper has thus opted for a large scope by embracing a wide range of market-access issues. But while most of these issues belong to the framework of traditional trade negotiations, one is the key issue of this negotiation and deserves more specific attention. It is, of course, the regulatory convergence process. This process lies at the heart of the TTIP and makes it unique in comparison to previous trade agreements and ongoing negotiations, like the TPP. The ambition for the sort of convergence envisioned in the TTIP has no equal, and a successful negotiation would make it the first agreement reflecting the new world of trade in the 21st century.

We are currently going through a transition phase between the old world of trade—based on national production and obstacles to trade protecting the producer—and the new

Today, the measures at stake are not about protecting producers, but consumers. These are the so-called norms and standards adopted to protect the consumers against many kinds of risks.

world of trade—based on transnational production, and where obstacles to trade are about protecting the consumer. This change in the nature of the obstacles to trade, with the growing importance of regulations and standards over tariffs, will decisively transform the parameters of the new generation of trade agreements.

Until now, most of the obstacles were measures to prevent competition—e.g. tariff barriers, sectoral subsidies. The old way to level the playing field was to get rid of the measures (trade-offs and negotiations) by reducing—or even suppressing—tariff barriers. But this mercantilist approach, which considers that exports are better than imports, has ended. Protecting producers no longer makes sense in a world where economies are integrating rapidly as technology erases the cost of distance. Classical obstacles to trade are vanishing.

Today, the measures at stake are not about protecting producers, but consumers. These are the so-called norms and standards adopted to protect the consumers against many kinds of risks. With living standards increasing throughout the world, the level of precaution will rise and those non-tariff barriers are expected to multiply.

The new way to level the playing field for production is therefore to remove or diminish discrepancies between those measures. This is a shift which has meaningful consequences.

When you negotiate tariffs, you have reciprocity, whereas by engaging in regulatory convergence, you enter into a field that is much more sensitive in terms of values because precaution is about risk and demand—it involves ideological control about what is good and what is bad.

Producers are excited by the prospect of such measures, which could have serious implications for medicine, food, financial products, vehicles, etc. But they make consumers anxious because they fear it means giving up the precautionary safeguards from which they benefit. We are thus moving from a technical negotiation based on tradeoffs to a more culturally and ideologically sensitive conversation.

The paper is thus right to address the need to rely on mutual

trust. But much more than between US and EU regulators, the issue at stake is the already existing decline of mutual trust between civil societies on the two sides of the Atlantic, and particularly in a country like Germany, profoundly affected by the NSA spying scandal. Negotiators have waited too long in guaranteeing that regulatory convergence will not result in lowering current norms and stating that when discrepancies between levels of precaution are too high, convergence will not happen—such as for GMOs or data privacy standards.

Negotiators have already explored the feasibility of regulatory convergence on a sector-by-sector basis via mutual recognition of norms when there are acknowledged similar levels of precaution. And further rounds of negotiations will be based on consolidated texts. But the principle of adopting the highest common denominator in precaution—that I suggested in an op-ed in the FT on Oct. 28 2014—has not yet been officially endorsed by both sides. It would be a decisive step in rebuilding trust in civil societies, which continue to fear that the TTIP could lower their current norms.

It would also contribute to clarifying the role of the negotiators that will set horizontal rules for regulatory convergence, and the role of the regulators who, with a ratified TTIP, would then have to scrutinize sector-by-sector and norm-by-norm to conclude where mutual recognition is feasible or where reasonable discrepancy allows to keep the more protective norm as a transatlantic norm.

However, at this stage only the US federal and European levels are targeted, leaving much work to be done at the sub-federal level, where regulatory agencies are mushrooming. Attention should also be paid to the European proposal on the creation of a Regulatory Cooperation Council intended to facilitate early information exchange for future norms in developing sectors—nanotechnology, for example—with the ambition to directly develop transatlantic norms. The modalities for stakeholder consultation will be a sensitive issue on both sides.

Finally, we have to keep in mind that in the long term, the ben-

Finally, we have to keep in mind that in the long term, the benefits of regulatory convergence will also depend on the willingness and capacity of third countries to themselves converge on the resulting transatlantic norms in order to better access this big attractive market.

efits of regulatory convergence will also depend on the willingness and capacity of third countries to themselves converge on the resulting transatlantic norms in order to better access this big attractive market. Anticipation of this phase is needed to calm third countries' noticeable worries and to ease the process in due time.

If the diversity of the members of the TPP is unlikely to allow much meaningful regulatory convergence, the scenario of the establishment of "regulatory blocks" disrupting global supply chains and leading to trade diversion should be avoided. The US and the EU should therefore simultaneously advocate at the multilateral level for vesting the WTO with a supervisory competence in regulatory convergence; this would help to foster collective preference convergence, and therefore prevent a potential confrontation between different risk-related collective preferences.

Regulatory convergence is a major pillar of the TTIP. As such, it should not cause the other issues at stake in the negotiations to be undermined. But this new challenge will nevertheless require significant attention and a better anticipation both of optimal benefits and unexpected negative impacts. I will follow with great interest future investigations undertaken by the students involved in the Transatlantic Relations Workshop and I wish you all a very successful outcome.

Pascal Lamy served for two consecutive terms as Director-General of the World Trade Organization (WTO) from September 2005 to August 2013. A committed European and member of the French Socialist party, he was Chief of Staff for the President of the European Commission, Jacques Delors, from 1985 to 1994. He then joined Crédit Lyonnais as CEO until 1999, before returning to Brussels as European Trade Commissioner until 2004.

4. 5. Investor-State Arbitration

SUBMITTED BY

Philipp Kotlaba and 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 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 (which 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 European Commission launched a comprehensive public consultation process on investment protection and ISDS provisions in the 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 worth noting that nearly half of all 150,000 respondents to the consultation expressed a desire to limit investor recourse to domestic courts only.¹
5. The report indicates four areas where further improvements should be explored: (1) 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; (2) the establishment and functioning of arbitral tribunals; (3) the relationship between judicial domestic systems and ISDS; and (4) the review of ISDS awards by an appellate body. The negotiations on investment in the TTIP have been suspended pending further consultations by the EU Commission with civil society and governments as to how to move forward.

¹ Report on Outcomes of EU ISDS Consultations, available at http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153044.pdf

POLICY VISION

The Transatlantic Relations Workshop believes that:

6. ISDS should be included in the TTIP negotiations. However, while we urge specific legal reforms in the treaty, concerns over arbitration reach far beyond the 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.
7. An underappreciated justification for the inclusion of ISDS in the TTIP is not directly related to increasing foreign direct investment between the United States and the European Union. Indeed, the broader aims of the 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.
8. In pragmatic terms, arbitration will continue to exist even if it is not included in the TTIP in light of the existing 2,500 BITs with an EU Member State as a party that are already in force. The 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 EU-Canada Comprehensive Economic and Trade Agreement, or “CETA”²) 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 the 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 even-handed and lawful manner. An investor’s legitimate

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. 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.

- 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.”
9. 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 US law, something that the European Commission notes in its January 2015 consultation report.³
 10. One alternative proposed by several scholars and policy-makers, State-State dispute settlement (SSDS), is unacceptable.⁴ 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

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

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

BITs that provide for ISDS. The choice for most states as a descriptive matter is one between EU-wide ISDS and bilateral ISDS.

11. 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.
12. Criticisms of ISDS in general have validity, however. They should be taken seriously by strengthening arbitral transparency and individual states' regulatory flexibility:
13. 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.
14. Second: Legitimate expectations of the investor (used to define "fair and equitable treatment" in ISDS) should be made contingent on domestic 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.⁵ The expectations surely are different based on the nation state that receives the investment. We support the European Commission's suggestion that legitimate expectations occur only when specific representations are made by a government (i.e., expectations by implication are disfavored).

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.

15. 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.⁶
16. 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 Investment⁷ exemplifies this approach.
17. Finally: The European 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.⁸ “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.

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(I), available at: 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”).

PARTICIPANTS' STRATEGY

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

18. 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.
19. 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.
20. 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.
21. 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.

Economy

5. 1. Closing the European Investment Gap and Implications for Fiscal and Monetary Policy

SUBMITTED BY

Max Goldberg, Krister Koskelo and Luigi Pisano

OBSERVATIONS

The Economy Workshop observes the following:

1. The EU, and the Euro area in particular, have 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

2. 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' pre-2014 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.¹

¹ Source: Bruegel. <http://www.bruegel.org/nc/blog/detail/article/1486-measuring-europes-investment-problem/>

3. To address this gap, the 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 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 €240bn of financing for long-term projects (e.g. in infrastructure or research and development) and €75bn of financing for SMEs and medium-size firms.
4. It is also useful here to reference the American Recovery and Reinvestment Act (ARRA) 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

5. 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 the Stability and Growth Pact (SGP) or national-level rules on deficits.² Nevertheless, in other countries, such as the 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.³

6. 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) program 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.

POLICY VISION

The Economy Workshop believes that:

Improving the Investment Plan

7. 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

² See most recent IMF Article IV consultation with Germany, <http://www.imf.org/external/pubs/ft/scr/2014/cr14216.pdf>

³ See http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/2015-01-13_communication_sgp_flexibility_guidelines_en.pdf

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.

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

ommendation 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.⁴

10. At present, the plan lacks transparency and relies heavily on complex structured finance.⁵ 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. 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 emphasized in current proposals; this could lead to as large a net effect as the current proposal, but with less leverage.

11. 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.⁶ 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.

⁴ See also <http://www.bruegel.org/nc/blog/detail/article/1498-the-achilles-heel-of-junckers-investment-plan/>

⁵ Similar points have been raised by commentators such as Frances Coppola and Charles Wyplosz.

⁶ For example, current statistics suggest much of the investment gap can be attributed to six countries: the UK, France, Greece, Spain, Italy, and Portugal.

12. 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" of €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 €1.5trn that the Commission identified in recent years as being a good estimate of the EU's total investment needs.⁷ 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

13. 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 investment in infrastructure (as recommended by the IMF) or in research and development promises will not only generate a long-term boost in the GDP of countries who can afford to do it now but also 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.
14. 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 incentivizing firms to invest in new projects.⁸

Monetary Policy and the Banking System

15. The European Central Bank should continue to do its utmost to ensure that its expansionary monetary policy reaches the real economy, i.e., actually spurring capital investment by non-financial

⁷ See for example: http://ec.europa.eu/economy_finance/articles/consultation/pdf/bonds_consultation_en.pdf

⁸ See <http://papers.nber.org/tmp/94841-w20862.pdf>

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.

16. 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.

Long-run Structural Changes

17. 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 (ESBs) 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 proposal⁹); 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.¹⁰

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

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

18. With appropriate safeguards, ESBies 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 potentially 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.

19. 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 unfeasible 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 mutualization it would involve, would require a full fiscal union to be effective.

Closing Thoughts

20. 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:

21. Encourage the EIB Project Selection Committee to maximize the multiplier effect of potential investments, and ensure the highest possible social return.
22. Liaise with policymakers at the Commission, EC, and in Member States to pressure them to adopt more expansionary fiscal and monetary policies.
23. Write articles and papers arguing for the need for a directional shift in policy and a renewed focus on investment.

5. 2. Access to Capital

SUBMITTED BY

Sydney Bolling, Brian Fox,
Alena Hahn and Berk Manav

Small and medium-sized enterprises (SMEs) provide two out of three jobs in the European Union and should be supported in this time of high unemployment. Access to capital has been cited as the second-most important issue facing SMEs.¹ On the demand side, SMEs must deal with many bureaucratic barriers, among other issues, which put excess costs on the firm in the search for capital. On the supply side, fragmentation in European financial markets means capital faces difficulties in flowing to where it is most needed. To tackle these issues, this policy paper proposes five solutions to five areas of concern.

OBSERVATIONS

The Economy Workshop observes the following:

1. SMEs face many administrative burdens when attempting to access capital in the EU, among which includes the costs of producing prospectuses—a document disclosing financial and non-financial information about the company made available to potential investors when issuing securities. Issuers have to abide by EU rules on the content of prospectuses, which also have to be validated by regulators, before they are validated for public offers and admission to trading throughout the Union. These rules were formulated in the 2003 Prospectus directive, which was further amended in 2010. However, these are costly to produce. For example, in the UK, it costs an SME on average between £350,000 (US\$530,000) and £600,000 (US\$909,000) to produce one for a public equity offer of £5 million (US\$7.57 million).

¹ European Commission (2014): Annual Report on European SMEs 2013/2014.

2. SME-backed covered bonds are simple fixed-income securities backed by high-quality SME loan pools serving as collateral. They are advantageous to banks as they provide greater flexibility with respect to the collateral spectrum while are also advantageous to SMEs because they make credit more freely available. However, under the EU Capital Requirements Regulation (CRR), SME loans are not eligible as covered bond collateral in the EU. This means that SME-covered bonds do not benefit from privileged regulatory treatment, such as preferential risk weighting, which materially reduces the regulatory capital burden. Without this legal framework, there are major statutory impediments to SME-covered bond issuance.
3. Bankruptcy laws have an economic impact and a statistically significant effect on the level of self-employment rates² and several initiatives, both at the EU and country-specific levels, have been proposed to reduce the severity of personal bankruptcy laws in order to encourage entrepreneurship. For example, in March 2014, the DC Justice recommended that EU Member States issue an automatic discharge of bankrupt entrepreneurs after three years in order to allow them to continue to participate in the market.³ Some countries in Europe, especially the Nordic ones, have well-functioning insolvency laws, with short time periods, low cost and high recovery rates;⁴ however, many other countries across Europe have overly harsh personal bankruptcy laws.
4. 85% of Europe's businesses are family-owned companies, especially those of small and medium size.⁵ They are the backbone of the European economy and the Small Business Act acknowledges their potential for economic stability and growth.⁶ However, a major obstacle for family businesses is the transfer of the company from one generation to another. Related financial obligations such as indemnifying other heirs or paying inheritance taxes can be particularly burdensome, increasing the risk of insolvency.⁷

2 Armour, John and Cumming, Douglas J. (2007). Bankruptcy Law and Entrepreneurship. ECGI - Law Working Paper No. 105/2008. <http://ssrn.com/abstract=762144>.

3 Ramsay, Iain (2013): Principles of EU Personal Insolvency Law? <https://creditdebtandinsolvency.wordpress.com/2014/05/11/principles-of-eu-personal-insolvency-law/>

4 Liu, Yan and Rosenberg, Christoph B. (2013): Dealing with Private Debt Distress in the Wake of the European Financial Crisis. A Review of the Economics and Legal Toolbox. <http://www.imf.org/external/pubs/ft/wp/2013/wp1344.pdf>

5 Ernst & Young (2014): Family business in Europe - Facts and figures. <http://familybusiness.ey.com/pdfs/20-23.pdf>.

6 European Commission (2008): Think Small First - A Small Business Act for Europe. COM/2008/0394.

7 Mandl, Irene (2008): Overview of Family Business Relevant Issues. http://ec.europa.eu/enterprise/policies/sme/files/craft/family_business/doc/familybusiness_study_en.pdf.

In addition, as the willingness of descendants for taking over the family business is decreasing, succession by third parties becomes of greater importance. Family-owned businesses therefore need to prepare early for securing their enterprise's continuity.⁸

5. Finding seed and start-up funding can be a challenging task for SMEs. The market for non-traditional sources of capital for SMEs, especially startups, is an emerging one with potential for further growth.⁹ Crowd-funding, as its most prominent form, can be the kick-off for innovative startups and SMEs.¹⁰ However, due to regulations varying from one EU Member State to another, it is burdensome for market participants to operate on a pan-European scale. In addition, little is known about the success rate of such types of funding, that is to say whether or not crowd-funded projects manage to create self-sufficient, sustainable businesses.

POLICY VISION

The Economy Workshop believes that:

6. While the existing rules already contain exemptions from the obligation to publish a Prospectus for small share placements, these exemptions could be expanded to include a wider variety of SME public offers. It would also be beneficial to SMEs if the complexity and amount of detail required in producing a prospectus were reduced, similar to the simplified SEC "Summary Prospectus" for US mutual funds. This would mean potential investors would get the key information needed to access the firm while reducing unnecessary burdens on startups and SMEs.
7. While some progress is being made on the national level (e.g. in Spain, France and Germany) with regard to the establishment of a legal framework for SME loans, and thus SME-backed covered bonds, a European Commission proposal could amend the CRR so

8 Duh, Mojca (2012): Family Businesses - The Extensiveness of Succession Problems and Possible Solutions. In Thierry Burger-Helmchen (Ed.): Entrepreneurship - Gender, Geographies and Social Context. Publisher: InTech.

9 European Commission (2014): Unleashing the potential of Crowdfunding in the European Union. COM(2014)172.

10 Startup Europe (2014): Support services to foster the crowdfunding environment in Europe focused on web entrepreneurs. http://www.crowdfundingnetwork.eu/files/2014/05/20140519_Final-Report_Startup_Europe_Crowdfunding_Network.pdf.

as to render SME loans eligible for covered bond collateral. While it is true that collateral provided by usual SME lending activities might not be as straightforward to value as collateral in existing mortgage- and public sector-backed covered bonds, this policy paper believes that issuers' and rating agencies' regular, detailed and transparent assessment of the composition of such covered bonds should facilitate a thorough understanding of SME-backed covered bonds over time. By amending EU rules to allow for the emergence of this market, funding would become more freely available to SMEs, complementing national-level efforts along this path.

8. The EU, in order to stimulate venture capitalism, should reform current insolvency laws to make them less stringent. The EU has made attempts to modernize cross-border insolvency issues in the past year by establishing a universal framework for insolvency proceedings within the EU.¹¹ That being said, the EU needs not only to standardize bankruptcy laws but also to soften them, for example, by mandating a decrease in the number of years an individual must wait until being released from pre-bankruptcy debt. This type of mandate would spur venture capitalism across the EU and perhaps lessen the stigma associated with bankruptcy, as well as take away some of the disincentives that come with the repercussions of a failed business enterprise.
9. Instead of solely focusing on setting up new businesses, the transfer of already existing business should be given the same priority. While family businesses are eligible for all support provided for SMEs under COSME and other EU programs,¹² more concrete actions that account for the specificities of family enterprises are lacking. In this regard, the EU should encourage family owned companies to exchange good practices, especially on how to successfully manage business transfers as part of their business life cycle. To this end, an EU-wide platform should be established (1) offering know-how sharing and mentoring opportunities, as well as (2) providing a point of contact for sellers and buyers of family-owned business.

¹¹ European Commission (2014): Civil Justice - Insolvency Proceedings. http://ec.europa.eu/justice/civil/commercial/insolvency/index_en.htm.

¹² European Commission (2014): Family Businesses. http://ec.europa.eu/growth/smes/promoting-entrepreneurship/we-work-for/family-business/index_en.htm.

10. While a European Expert group, the European Crowd-funding Stakeholders Forum (ECSF),¹³ has been set up, the EU-wide debate on novel forms of access to capital for startups and SMEs is still in its fledgling stages. In light of both the potential and risks of crowd-funding, the EU should harmonize national regulations governing crowd-funding platforms as to allow a veritable cross-border movement of capital in the single market. In this regard, EU-wide information disclosure requirements for such platforms should be introduced, e.g. in form of quality labels similar to those already existing in France. This would not only (1) set a clear framework for platform operators acting as financial service intermediaries, but would also lead to (2) more transparency in the market, preventing fraud and enhancing investor protection.

PARTICIPANTS' STRATEGY

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

11. There are a number of avenues through which this policy vision could be achieved. First, a consultation could be set up to understand what aspects of the Prospectus Directive are most burdensome for SMEs. Second, there is currently a review of the Prospectus Directive underway which is being debated by the European Parliament and Council. Participants could get in contact with their local MEPs and appropriate government officials to press them to include amendments to the effect of the policy vision discussed above. Finally, the European Commission is expected to produce a further document in the coming weeks on prospectuses. Meetings could be organised with targeted Commission staff so that they realise there is a public interest in this issue.
12. In order to provide an impetus to the European Commission to amend the CRR, a public campaign could be launched to raise awareness of the regulatory impediments to SME-backed covered bonds. This could be conducted in tandem with the European Association of Craft, Small and Medium-Sized Enterprises (UEAPME). We could also ask our MEP to launch an own-initiative report to amend the CRR.

¹³ European Commission (2014): European Crowdfunding Stakeholders Forum. <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3130&Lang=EN>.

13. Talk to entrepreneurs in the EU to gain a better understanding of the risks they have undertaken and how their fears of failing/bankruptcy have affected their capital ventures, and bringing attention to the current laws' harmful effects by continuing the conversation and getting the word out via social media and other forms of communication. Many people, especially in the US, are likely unaware that solving these issues will help startups and small firms by allowing them to take bigger risks without fear of large personal losses in the case of bankruptcy. The entrepreneurial spirit may be taken for granted in the US, but must be fostered and promoted within the EU.
14. Push for the creation of family business advisory services, encouraging them to join forces across industries and to lobby their case among national officials and administrations.
15. Urge the EU to timely follow up ECSF meetings and to reiterate their invitation to Member States for assessing the need for amending national financial legislation in a way that facilitates alternative forms of financing for startups and SMEs.

5. 3. 1. The Future of Education in Europe

SUBMITTED BY

Jakub Hlávka, Vedrana Damjanovic,
Agnese Bukovska and Martin Jaakola

OBSERVATIONS

The Economy Workshop observes the following:

Data Collection and Analysis

1. While some European education systems excel in preparing students for the 21st-century labor market, many others are less successful.
2. With no EU institution in place to *analyze best practices and lessons learned*, it is close to impossible to identify and systematically emulate policies that yield the most efficient results in education and science. Authors of the Bologna reports note that “there is currently no perfectly reliable and accurate information on the state of implementation of learning outcomes in the Bologna countries.” (Adam 2008)
3. As the OECD has observed, “there has been a growing appetite for performance and quality measures from both higher education public and private stakeholders, as well as from the Higher Education Institutions themselves.” (Tremblay et al. 2012)

Challenges for Funding Education in Europe

4. Insufficient funding can be an important impediment in implementing various policies and incentives in education. Significant disparities exist in the per-capita spending on research and education across the EU, leading, among other things, to brain drain from underperforming states.
5. Most research studies on investment in education agree that *private returns to education are positive* (Montenegro, Patrinas, 2013).

Moreover, some studies (for example, see Hout, 2012) have found evidence that the societal returns educational investment yields are positive and can even exceed private returns.

6. Given the size of the EU budget, its source of financing and the current political stance regarding investment, EU budget increases are unlikely.
7. The European Social Fund (ESF) is one the main sources of EU investment in human capital. Around €86.5 billion¹ of ESF funding is available to EU Member States in the 2014–2020 funding period. The fund supports four main activities: strengthening employment and mobility, better education, social inclusion and better public services. The ESF activity for improving education aims at improving the accessibility of education, training and innovations of higher education.
8. New efforts like Erasmus+ to support youth work and volunteering have the potential to yield positive returns to the European economy.
9. Nations face a challenge to attract a motivated and capable workforce to the teaching profession. In many EU member states, teachers' remuneration and the prestige of the profession is considered below other professions. This discrepancy has a direct effect on career choices among young graduates.

Non-Formal Education² and STEM³

10. *Non-formal education encourages creativity* and targets those with a motivation to expand their horizons, meet their foreign peers and work on exciting out-of-the-box ideas. It also includes modern learning methods such as skill seminars, peer education, training and practical learning.
11. In many EU countries, the gap between the skills acquired in schools and demanded by companies is widening and youth unemployment has reached record highs.

¹ <http://ec.europa.eu/esf/main.jsp?catId=443&langId=en>

² Non-formal learning (education) is “purposive but voluntary learning that takes place in a diverse range of environments and situations for which teaching/training and learning is not necessarily their sole or main activity. These environments and situations may be temporarily, and the activities or courses that take place may be staffed by professional learning facilitators (such as youth trainers) or by volunteers (such as youth leaders). The activities and courses are planned, but are seldomly structured by conventional rhythms or curriculum subjects. They usually address specific target groups, but rarely document or assess learning outcomes or achievements in conventionally visible ways.” (Erasmus+ 2015)

³ Science, Technology, Engineering and Mathematics

12. With informal education directed toward both those choosing a career and those already in universities, STEM fields (and other relevant disciplines) would have the potential to gain higher popularity with the EU's youth.
13. Given the differences in education systems in the EU, political and economic conditions, as well as cultural differences, it *would be very hard to urge* unified EU-wide reforms to education. Yet, there is little investment in informal education, particularly in the *STEM fields*.
14. According to a study by the EU Commission on “developing the creative and innovative potential of young people through non-formal learning in ways that are relevant to employability” and their report by the Expert group, informal education workers play a crucial “catalytic” role, especially with those young people who are disadvantaged and hard to reach. Training and continuing professional development needs to be informed by EU-wide reviews of informal learning, practices and qualifications frameworks.
15. Educational initiatives such as exchange seminars, trainings, educational summer camps and gatherings provide the most motivated students with additional opportunities to meet, learn and grow as professionals. Peer education and informal initiatives can thus complement the state-funded education system.
16. According to the 2012 Pisa results, there is a correlation between spending on education with performance in math, reading and science. It accounts for 30 percent of the variation in performance between countries and 17 percent of the variation within OECD countries. Non-formal education can bridge the gap between skills demanded and supplied on EU labor markets.

POLICY VISION

The Economy Workshop believes that:

17. We propose that EU Member States *found an institution supported by the EU budget*, called the “Institute for Excellence in European Education” (IE₃), which will have a joint function of data collection and analysis, and serving as a meeting place for stakeholders in European education.

18. IE3 will *attract leading education experts* from around the Union who will collect and analyze data on education investment and outcomes in individual member states. Similar to the OECD in the field of economic development and the RAND Corporation in defense analysis, IE3 will become a source of information and data-driven recommendations on reforming their education systems to better serve students, employers and society more broadly.
19. It will do so through *three key tools*:
 - a. Conduct cost-benefit analyses of investment in research and education (the EU28 spends 5.25 percent of its GDP on education, but no comprehensive tool exists to evaluate its effectiveness).
 - b. Collect information about existing educational programs and disseminate it to educators and students around the Union
 - c. Support educational reforms within the EU and contribute to European Union’s development efforts by transferring lessons learned to non-EU countries
20. Building on the work OECD’s Program for International Student Assessment (PISA). With their regional expertise, IE3 staff will *be sensitive to the cultural, political and economic contexts* of each individual member state—working with local government authorities and schools—to prepare education reform strategies and to supervise their implementation.
21. An important function of the IE3 will be to *conduct regular analyses of educational outcomes that reach beyond traditional standardized tests*. For instance, UNESCO recently developed a set of indicators for “post-2015 education” that introduces two new important metrics: learning outcomes and equity (EFA Steering Committee 2014).
22. Moreover, IE3 will *provide a platform to exchange information* about best practices, scholarship opportunities, education funding schemes and other relevant programs (such as summer schools) that benefit students of all ages, thus becoming a centralized go-to institution to find the most suitable educational opportunities for any student.
23. Another vital role of IE3 will be to focus on analyzing how institutions of national education could *work closer with the private sector* to develop a skillset in areas with the highest commercial demand.

24. For instance, almost three-quarters of academic institutions do not even break even in their technology transfer activities (Valdivia 2013). Goldman Sachs notes that *European corporations are not taking full advantage of working closely with universities* (Tufft et al. 2014). These and other ways of supporting career-relevant education will be one of the primary research areas of the IE3. The findings will be disseminated at annual meetings of policy-makers, university presidents, innovative incubators and other stakeholders.
25. Aside from focusing on national educational strategies and researching new ways of supporting innovation in education, IE3 will also conduct cost-benefit analyses and other in-depth studies on the effectiveness of existing European Union education programs such as Erasmus+. By understanding how existing funds could be used more effectively and to support those who benefit from them the most, IE3 would make a major contribution to the debate on how scarce resources are allocated in education, science and innovation on both the EU and national level.
26. IE3 will employ Ph.D.-level researchers and have an allocated share of the EU budget. It will also award grants to other institutions and individual researchers who conduct cutting-edge and policy-relevant research on educational outcomes, support educational initiatives in non-EU countries, and have an annual experimentation budget to support innovative ideas that will be tested on a smaller scale and scaled-up if proven successful.
27. Form separate ways of funding through the EU and national budgets, private business contributors and youth organizations to improve and promote STEM education in newer and under-performing EU member states.
28. Develop a systematic program to evaluate and collect information on STEM-based programs organized by NGOs, informal youth groups, young professionals and other entities, possibly through IE3.
29. Promote non-formal education and youth projects among authorities.
30. Develop partnerships between the public, private and non-profit sector in creating funding schemes and other opportunities of non-formal education.

PARTICIPANTS' STRATEGY

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

31. Reach out to Ministries of Education in our countries of origin and advocate for new and innovative solutions;
32. Participate in events on education in Europe and promote the presented ideas;
33. Promote our ideas through media outlets such as university newspapers;
34. Conduct policy-relevant research that will be published by reputable journals on education;
35. Reach out to youth programs such as Erasmus+ and encourage them to include STEM education initiatives in their program.

WORKS CITED

- Adam, Stephen. *Learning Outcomes Current Developments in Europe*. Final Report, Edinburgh, Scotland: Heriot-Watt University, 2008.
- EFA Steering Committee. *Towards indicators for a post-2015 education framework*. Technical Report, UNESCO, 2014.
- Erasmus+. "What is non formal learning?" YouthPass.EU. 2015. <https://www.youthpass.eu/da/youthpass/for/youth-initiatives/learn/information/non-formal-learning/> (accessed February 2015).
- Ruskovaara, Elena, and Markku Ikävalko. *You Get What You Measure—Challenges of Entrepreneurship Education in Schools*. Working Paper, Lappeenranta: Lappeenranta University of Technology, 2014.
- Tremblay et al., Karine. *Assessment of Higher Education Learning Outcomes: Volume 1 - Design and Implementation*. Feasibility Study Report, Paris: OECD, 2012.
- Tufft et al., Richard. *European Crossroads*. Equity Research, Goldman Sachs, 2014.
- Valdivia, Walter D. *University Start-Ups: Critical for Improving Technology Transfer*. Washington D.C.: Brookings Institution, 2013.

5. 3. 2. Response

to 5. 3. 1. The Future of Education in Europe

Luc Peeperkorn

Senior Emile Noël Fellow at the Jean Monnet Center at NYU

It is well known that the two key drivers of economic growth are innovation and increases in the skill level of the labour force. Both factors are positively influenced by education—both formal and informal education and training.

It is therefore important that education, in all its forms and aspects, was one of the main themes of the ESC2015 conference. The paper is the work product of the discussions.

It is commendable that the paper takes a broad view of education and training and that it formulates proposals for all levels and for both formal and informal learning.

The main innovative idea is to create an “Institute for Excellence in European Education” (IE₃), which will have a joint function of data collection and analysis, and a meeting place for stakeholders in European education.

While the powers in the area of education are overwhelmingly at the Member State level, this also means that there is a great need for collection, interpretation and exchange of data to learn from each other and spread best practices. There is a wide differentiation in programs and forms of education and there is a large amount of knowledge at various levels and places, but there is insufficient connection to make the best use of all the information. Not to provide a one-size-fits-all organization of education and training, but to understand and benefit from research why in particular countries certain forms of education are used and are or are not successful.

An institute like IE₃ could usefully fill that gap and be instrumental in collecting and analysing data and in disseminating good practices in an area that is vital for the future of Europe. This is an area where we cannot afford to go for sub-optimal solutions.

This of course does not mean that there is no criticism that can be levelled at the paper. To my mind the proposals could be improved and win credibility amongst others:

- Not mixing up the idea of IE3 as a center of knowledge and a center of supervision (see strategy recommendations point 4). IE3 can be useful to collect and analyse data and formulate and disseminate best practices. As long as it does ‘just’ that it will also be able to create a positive atmosphere to cooperate with institutions and ministries at state level and to obtain relevant data. Once supervision of implementation of education reform strategies would become part of its powers and tasks, its role is fundamentally changed and this can be expected to negatively affect its role as a center of knowledge.
- Not focusing too much on wide-ranging cost-benefit analyses (see strategy recommendations point 3). It is not only that these may be costly, but the results may often be of a general nature, which does not easily translate at state and regional level into implementable changes of the educational practices. Practical improvements may more likely arise from disseminating analyses of why and under which circumstances certain educational programs are successful.
- Being at times less prescriptive. The proposal, in the area of technology transfer activities (see strategy recommendations point 8), for an annual meeting of policy-makers, university presidents, innovative incubators and other stakeholders, is not only overly detailed and prescriptive and is better left to an unfolding IE3, but may also be a rather ineffective way of disseminating ideas and findings in today’s age of the internet and need to make best use of environmentally scarce resources.

Luc Peepkorn studied Economics and Political Science at the University of Amsterdam and worked as an assistant professor at the Erasmus University Rotterdam. In 1991, he joined the European Commission, DG Competition. He has been a central figure in various teams that created what is now called the effects-based approach in EU competition policy. In particular, Mr. Peepkorn had a leading role in making new rules for supply and distribution agreements (2000 and 2010) and for technology transfer agreements (2004 and 2014).

5. 4. 1. The Role of Technological Hubs of Innovation in Advancing the Digital Economy in Europe

SUBMITTED BY

Amanda Dahlstrand Rudin, Leonard Bronner,
Lewin Schmitt and Zachary Blackburn

Innovation is the primary driver of economic growth. As a matter of fact, innovation is concentrated in geographic areas with a large number of startups, universities and researchers. While innovation is difficult to measure, one proxy for measuring innovation is the filing of patents. As illustrated below, the filing of patents is heavily geographically concentrated in a handful of large, global cities.

Although there are many rural areas that are in great need of economic development, we argue that in order to promote innovation, geographical hubs where many new companies in the same industry are gathered are highly beneficial. This is because of the fact that relationships between older and newer companies within the tech sector develop when companies are located at the same site, creating positive externalities. The relationships we refer to are, for example, inspiration to start a new company based on an innovation after seeing a successful company; direct mentoring or training; or a successful entrepreneur becoming an angel investor who provides capital to new entrepreneurs. In this policy paper, we will focus on digital and technological innovation and entrepreneurship since this is an area with huge potential growth.



Figure 5.4.1.a. Patents: *Just a few places produce most of the world's innovations. Innovation remains difficult without a critical mass of financiers, entrepreneurs, and scientists, often nourished by world-class universities and flexible corporations. Source: The Atlantic Monthly, October 2005. Map by Tim Gulden, from Richard Florida "The World is Spiky".*

OBSERVATIONS

The Economy Workshop observes the following:

Support for Entrepreneurship and Startups

1. There is a suboptimal collaboration between young innovators, entrepreneurial role models, investors who are willing to provide access to capital to startups in an early stage, research universities and established companies sensitive to developments in the startup scene in the EU. The collaboration of all of these agents is essential for the ecosystem of startup hubs.
2. To spur innovation and to translate innovation into companies, the notion of entrepreneurship and risk-taking must be made more appealing to young adults all over the EU.
3. Innovation hubs can create a positive environment for innovation and successful business that is unique to these organically created hubs, due to the presence of peer entrepreneurs, shared research facilities, a network of investors and easier access to otherwise expensive tools and facilities. Innovation hubs cannot be deliberately created by the EU, but their development can be facilitated since they need a host of infrastructural assets to succeed; for ex-

ample, high speed internet and low rent enable entrepreneurs and their employees to move there despite their minimal income and to allow startups to rent office space within a tight budget.

Business Regulation Reform

4. There is a need to investigate the ways in which business regulation is hindering rather than promoting entrepreneurship, innovation and startups. We believe that the EU could perhaps make the most difference for startups by improving the regulatory environment and removing obstacles created by business regulation.
5. There is often a higher cost of creating a startup or developing it to a scale-up or SME in the European Union than in for example the United States, partly because of the higher bureaucratic burden. This is in many ways related to the fact that there are 28 different legal systems in the Union. The EU is not taking full advantage of its size when it comes to innovation and entrepreneurship in the digital sector. A startup in the US can launch a product to 319 million people at once, while EU startups still face obstacles in rolling out their product over the entire Union due to varying legislation.
6. One of these obstacles is newly created: the European Union (Value-Added Tax) Regulations 2014, operative on Jan. 1 2015. The regulations are intended to prevent giant digital companies such as Amazon and Google from filing all their taxes through low-tax countries such as Luxembourg, but the regulations have unintended negative consequences for ICT startups. The regulations stipulate that for all business-to-consumer products in the telecommunications, broadcasting and e-services industries, VAT will now have to be paid in the country the consumer resides in if that is a EU country, instead of the companies paying a single VAT rate in the country where they are registered. The effect of this is to vastly complicate the operations and administration for digital startups. The time and money spent on administration and accounting will vastly increase, especially for digital companies which may sell a product for, for example, €1 in 28 different countries, all with different VAT rates. This may make a critical difference for startups with extremely small budgets.
7. A second example of what the EU can do to facilitate for digital startups in terms of business regulation is to enable virtual labor mobility. It is difficult for startups and SMEs to employ web devel-

opers and other personnel in other EU countries other than where the company is registered, even if this is essential for many technology startups due to the scarcity and dispersion of ICT skills in the EU and imperfect labor mobility.

Non-Formal Education and STEM

8. While the number of startups in the EU is comparable to the figure in the United States, European startups are struggling to find capital. Average seed investment is at a mere 10% of that in the United States and average later-stage investment only 20%.

POLICY VISION

The Economy Workshop believes that:

9. In general, the EU should not unilaterally select specific geographic areas or industries in the EU to target, as the technology sector is too fast-moving for government to efficiently and effectively allocate resources. Instead, the EU should facilitate the growth of startups in the technology sector to expand regionally (across the entire Union), as technology startups often aim to expand EU-wide as soon as possible. To do this, changes in EU policy should be focused on changes in regulation, facilitating EU-wide expansion and hiring virtually all over the Union (e.g. employing a talented programmer who may live in another EU country). In addition, the EU can use innovative policy instruments, such as prize challenges, to effectively and efficiently support entrepreneurial collectives through a data-driven and objective process.

Support of Entrepreneurship and Startups

10. The European Union should provide a prize challenge to spur the creation of entrepreneurship collectives and spaces at universities in the European Union that provide entrepreneurship support and training, as well as high-tech skills training and where entrepreneurial role models can support the entrepreneurial spirit among youth. By prize challenge we mean a competition amongst existing and new entrepreneurial collectives to perform based on specific criteria set out in the challenge. Those collectives that perform the best on the preselected metrics would receive a cash

prize. This cash prize would incentivize innovation and enhanced performance among a larger number of collectives than could be achieved through traditional grants. Such a prize challenge would be largely modeled after the American Race to the Top educational initiative under President Obama.

- ii. The European Union should create a new corporate law classification; comparable to the *Societas Europaea* (SE) or *Societas Privata Europaea* (SPE), that would be specifically tailored to the needs of technological startup firms. Such a proposal recognizes the global and/or pan-European nature of many of the digital economy's businesses, which will gain a competitive advantage through eased cross-border operations and complete access to a streamlined Single Market. To be most effective, this new business structure should:
 - a. Reduce potential risks by setting clear and reasonable liability limits that can be adopted as the company expands;
 - b. Ensure flexibility and autonomy for shareholders concerning the internal organization of the company, thus meeting the entrepreneurial spirit that is characteristic of the startup industry often found in technological hubs;
 - c. Facilitate hiring employees and billing sub-contractors in different EU countries, as technology enables startups to operate in multiple countries;
 - d. Promote easier access to capital by providing a well-known business entity that helps investors to understand the legal framework of potential investments;
 - e. Encourage incorporation of enterprises by low, adaptive capital requirements and clear legal requirements;
 - f. Save time and financial resources on legal advice, management and administration by providing a simple step-by-step guide through the different administrative and legal choices presented in the creation of a startup.

12. The European Commission should add an exemption to the European Union (Value-Added Tax) Regulations 2014 when crafting the Digital Single Market regulation. An exemption from filing VAT in the user country or signing up to the VAT Mini One Stop Shop scheme should be granted to firms with say less than €5 million in annual global revenue. These companies should instead file VAT in their country of operation, as was the case before Jan. 1 2015.

Connecting Capital with Early-Stage Ventures

13. The European Union should direct part of the budget of the EU Programme for Employment and Social Innovation (EaSI) towards funding for a wide variety of EU universities to launch innovation agencies and business incubators focused on bringing innovations developed at their universities by professors and students to the marketplace.
14. The EU should urge Member States to encourage investment by allowing angel investors to recognize their startup investments as losses in the year of the investment.
15. In order to better react to the needs of the digital economy, the EU should be present at and sensitive to the concerns expressed at technology startup forums, such as the Berlin Tech Meet-up and Stockholm Tech Meet-up, where entrepreneurs and investors meet, and where trends in the fast-moving technology sector are discussed.

PARTICIPANTS' STRATEGY

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

Support of Entrepreneurship and Startups

16. Encourage other young adults with potential business ideas to take the risk and found their own startups.
17. Start a curated blog that highlights American innovation hubs and serves as a venue to encourage transatlantic exchanges and networking.
18. Lobby the European Commission to monitor and report on the geographic concentration of and connections between startups in order to better understand the current development of innovation hubs in the EU.

Business Regulation Reform

19. Lobby EU policymakers to make the suggested changes in EU regulations as described in clauses 6 and 7 of the Policy Vision in order to address clauses 10, 11, 12 and 13 in the Observations.

Connecting Capital with Early-Stage Ventures

20. Have a section in the blog in which developments in access to capital in the EU are monitored and discussed, as described in clause 8 of the Policy Vision in order to address clauses 14, 15, 16 and 17 in the Observations.

5. 4. 2. Response

to 5. 4. 1. The Role of Technological Hubs of Innovation in Advancing the Digital Economy in Europe

Richard Tufft

Region Head, EMEA Equity Research, Goldman Sachs London

Europe is currently at a fascinating point in its history. In the summer of 2014, I and my team met CEOs across Europe to ask them what future they see for the continent. We asked what they consider to be Europe's strengths, and what the greatest challenges facing growth are in a context of a rapidly changing world of globalization, technological development and macro uncertainty. Unsurprisingly, we got a range of responses, but overall we came away with the impression that Europe is at a unique point: a crossroads between a path of eroding long-term competitiveness, or one where the region leverages its strengths to adapt to the new rules and reality of the global economy. Europe has many solid foundations on which to build, but undoubtedly faces some near-term challenges.

In this light, it was a pleasure to meet the team behind the ESC and *European Horizons* at Yale this year and interact with young people working to find solutions to some of these issues. Both the committee and visiting students seemed diligent and considered, as well as imaginative, which are all essential qualities when trying to find new policy solutions.

Of the policy papers presented in the Economy Workshop, the one that most stood out to me was the piece on the role of technological hubs of innovation in advancing the digital economy in Europe. Technological innovation is already a headline topic—Juncker made a digital single market his number one priority for his time as Commission President—but I felt this paper approached the fundamentally important issue in a new way. Rather than focusing on those areas which are currently poorly connected, as many of the plans do, this paper looked at further boosting technological hubs that are already successful. Encouraging entrepreneurship and risk-taking should be an important priority

for the EU, and this paper sets out the sort of environments which might facilitate that. This paper was also notable as:

- It was realistic about what the EU can achieve: It explicitly acknowledges that hubs cannot be created by the EU, only encouraged, and that removing existing regulation, rather than creating more, can often be a good solution.
- It addresses the fundamental question of the single market, or lack thereof—the paper’s assertion that ‘a startup in the US can launch a product to 319 million people at once, while EU startups still face obstacles in rolling out their product over the entire Union due to varying legislation’ is one that was certainly echoed in the conversations we had with executives.
- As mentioned above, the EU has strong foundations, and one of these is tertiary-level education: European universities are world-class. It is vitally important that we make the most of what we have when building a sustainable future, and so it was good to see the suggestion for launching innovation agencies and business incubators at a wide variety of EU universities, which harnesses the potential of some of the continent’s quality institutions.
- The idea of virtual labour mobility is excellent—Europe is not as strong as other markets at the moment in technological skills, and if programmers could be shared virtually across the continent, it would have a substantial positive effect on the attractiveness of the region as a base for a company’s workforce.

... the paper’s assertion that ‘a startup in the US can launch a product to 319 million people at once, while EU startups still face obstacles in rolling out their product over the entire Union due to varying legislation’ is one that was certainly echoed in the conversations we had with executives.

In terms of the future, there is no reason why there cannot be an important place for a US-based student network and think tank, working to help determine the direction Europe will take in the coming years. However, to stand out in the crowd, both the journal and the organization as a whole will need a strong voice. The best way to achieve this is by offering ideas that are new, clear, actionable and specific. To this end we have a few suggestions:

- Policy papers should have only a short explanation section at the beginning; if it is necessary to give

a substantial amount of background information to a policy suggestion, perhaps publish it alongside an accompanying article which can lay out the situation. This allows the focus of the paper to be on the action.

- Make sure individual steps are specific and therefore likely to be successful. Rather than, for example, suggesting a public awareness campaign or a platform for sharing best practice for an issue without giving any detail, explain what this might look like and how and why it will engage the target audience.
- Finally, be sure to remember that millions of people across the continent do not have a positive view of the EU: the most recent Eurobarometer (Autumn 2014) found that only 39% of Europeans had a very or fairly positive image of the EU. Effective policies and effective government will need to reach Eurosceptics as well as Europhiles, and it is important to consider how suggested ideas might appeal to different groups, both on a policy-by-policy basis and for the think tank as a whole.

I look forward to reading more of your thoughts. Good luck!

Richard Tufft is region head for EMEA Equity Research at Goldman Sachs in London. He is a member of the Global Investment Research Client and Business Standards Committee, the Micro Research Operating Group and the Global Recruiting Council. Previously, Tufft served as deputy director from 2006 to 2009, and became partner in 2010.

Democracy

6. 1. 1. EU Response to Antidemocratic Behavior of Member States

SUBMITTED BY

Cassandra Emmons, Tine Carmeliet,
Yann Schreiber and Michael Magaha

OBSERVATIONS

The Democracy Workshop observes the following:

- I. In recent years, problematic antidemocratic tendencies have been transpiring in several EU Member States. Some leaders, particularly from Member States in Central and Eastern Europe, have solidified and centralized their grip on power and have inserted undemocratic changes in their institutional systems. For example, since 2010, under the leadership of Viktor Orbán, Hungary has been backsliding on its democratic commitments and ideals. Various amendments to the constitution have curbed Hungary's achievements of liberal democracy. Orbán has tightened his grip on almost every dimension in Hungary's politics and public life: the judiciary, the central bank, the media, education and culture, and not to mention the new constitution and the electoral system. In addition, Bulgaria and Romania have become the stage for culture wars and constitutional crises, while respect for minorities such as the Roma poses serious problems in nearly all Eastern

European countries, in particular Romania and Slovakia.¹

2. The European Union lacks the institutional capability to bring Member States back on the democratic track. Existing measures fall short: Article 7 of the Treaty on European Union remains an unworkable instrument to reproach Member States due to procedural and substantive obstacles. Article 7 TEU allows the European Council, after having determined that there exists a serious and persistent breach by a Member State of the values referred to in Article 2 TEU, to suspend certain rights such as the voting rights of the member state in question. Article 2 TEU identifies foundational values as “respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.” While Article 7 was explicitly inscribed to give the Council the power to reproach its member states, practice demonstrates that due to the rather vague values of Article 2 and the arduous institutional requirements of Article 7, it is close to impossible to find sufficient political willingness to employ the measure.
3. The infringement actions (Article 257 TFEU) by the European Commission are not appropriate or effective legal tools to thwart precarious developments and patterned democratic-norm violations by the Member States.
4. Social pressures through informal meetings or public criticism and issue linkage are also currently ineffective policy instruments.

POLICY VISION

The Democracy Workshop believes that:

5. Both improved preventative measures and tools for enforcing compliance are necessary for ensuring that the democratic standards of the EU are upheld.

¹ Selected sources: K. Scheppele, “Hungary and the End of Politics”, *The Nation* 2014, available at <http://www.thenation.com/article/179710/hungary-and-end-politics>; J. Werner Mueller, “Eastern Europe Goes South”, *Foreign Affairs* 2014, 14-19; V. Tismaneanu, “Democracy on the Brink. A Coup Attempt Fails in Romania”, *World Affairs Journal* 2013, 83-87; I. Traynor, “Eastern European Autocrats pose New Test for Democracy”, *The Guardian* 2013, available at <http://www.theguardian.com/world/2013/aug/13/eastern-europe-autocrats-return-test-democracy>

6. *Preventative:* A more precise understanding of democratic standards could help insulate the Union from the antidemocratic behavior of governments in any Member State. Building off of the existing definitions of democracy enshrined in the constitutions of each Member State, it is in the interest of the Union to develop a collection of norms. To awaken public investment in the maintenance of civil liberties around the Union, this set of norms should be publicized for debate.

7. *Preventative:* The Member States have complete authority of their constitutional amendments. However, as Member States of the EU, they also have a commitment to uphold the EU's values in such changes. During the accession process, these values are ensured by the Commission's oversight. As such, we suggest that all national constitutional changes should be submitted to the European Commission for an unofficial review process. There are two purposes of this process. First, to ensure that national constitutions maintain common EU values. Second, to promote the transparency of national constitutions, national values and national interpretations of democracy among the Member States. The EU is founded on the concept of diversity, so differentiation should be encouraged, but underlying consistency is imperative to the survival of the EU. We recommend a transcription of amendments to a state's constitution be submitted to the Commission before their implementation. The Commission may then informally evaluate the changes, being cognizant of any conflicts with EU law before they are in place. The Commission's findings would be publicized and submitted to the Council for the Member States' awareness. The Commission's opinion being non-binding, the Member State maintains complete authority of the implementation of any amendment. However, if the changes are found to be in violation of EU law, the Commission will also readily have a collected body of evidence of such violations and infringement procedures can begin more rapidly. This procedure is an informal mechanism that uses public awareness and political statements without direct intervention to pressure the state to consider the legality of the changes under consideration.

8. *Enforcement:* The various bodies of the EU should consider completing its available toolkit for responding to systemic violations of democratic rule of law and respect for human rights. In the long term, the relevant parties should consider a treaty change to this effect. In the immediate term, we propose the following mechanisms be added:

- a. Organized peer pressure by recommending a Member State be reviewed by the Council of Europe and the Venice Commission.
- b. An expansion of the existing infringement procedures to include systemic infringement of EU values as defined in Article 2 TEU.²
- c. More effective means of economic sanctions, such as withholding of EU funds.

PARTICIPANTS' STRATEGY

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

9. Poll citizen satisfaction with a list of potential democratic standards. This will encourage a discourse at the citizen level about democratic ideals, which could turn to public pressure for compliance with those standards on a national level.
10. Establish partnerships with NGOs to work towards the establishment of an EU-wide discourse on human values. This discourse would welcome participants from other IGOs, such as the Council of Europe, Venice Commission and the United Nations, as well as the EU and its Member States. The main goal of this discourse is to facilitate a common understanding of minority rights, the rule of law and ethical behavior.
11. Contact transnational businesses about the long-run financial implications of democratic disintegration in the countries in which they operate.

² See K. Scheppele, "What Can the European Commission Do When Member States Violate Basic Principles of the European Union? The Case for Systemic Infringement Actions", Nov. 2013, available at http://ec.europa.eu/justice/events/assises-justice-2013/files/contributions/45.princetonuniversityscheppelesystemicinfringementactionbrusselsversion_en.pdf

6. 1. 2. Response

to 6. 1. 1. EU Response to Antidemocratic Behavior of Member States

Christine Landfried

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

The observations of the participants of the workshop with regard to antidemocratic behavior in Member States are precise and convincing. There are problematic antidemocratic developments not only in Hungary since 2010, but also in other Member States. And the European Union does not have the capacity to bring these states “back on the democratic track.” (6. 1. 1. point 2, p. 137)

The policy visions, however, rely in my view too much on institutional solutions without taking into account the societal and economic reasons for antidemocratic behavior. The financial crisis in Europe is a challenge for democratic governance as it has deepened in many Member States, and between Member States, the social gap between poor and rich. Yet, a democracy is not possible without social justice. And the European Union did not succeed in “offering renewed possibilities for democracy and social justice where Member States can no longer offer them.”¹ Therefore we need European policies that make citizens experience that European integration produces wealth that can be used to reduce the economic asymmetries between Member States and to create new policies addressing vexing problems like unemployment. Once citizens realize that the European Union is about interdependence and about solving problems together, they will also get interested in democratic participation on the European level.

While the participants of the workshop propose to start a debate about democratic norms and to establish a review pro-

¹ Miguel Poires Maduro, *A New Governance for the European Union and the Euro: Democracy and Justice*. Robert Schuman Centre for Advanced Studies, RSCAS PP 2012/11, p. 1.

cess of national constitutional changes by the Commission, it is more important to win the interest of citizens' in European democracy by aligning policies to the problems that should be addressed, and by offering possibilities of democratic participation. Democracy is neither about definitions of democracy nor about "top-down" surveillance, but about experiencing democracy and justice in real life.

Christine Landfried currently holds the Max Weber Chair in German and European Studies at New York University. She is Professor emeritus of Political Science at the University of Hamburg. She has studied Political Science, History and International Law at the University of Heidelberg and at Harvard University. Additionally, Professor Landfried has been teaching at Sciences Po in Paris, the University of California at Berkeley and the European University Institute in Florence.

6. 2. 1. Reform of the European Citizen Initiative, Part I

SUBMITTED BY

Damiano Canapa and Pascal Fendrich

OBSERVATIONS

The Democracy Workshop observes the following:

1. The European Union is often described as suffering from a democratic deficit. A main line of argument in this debate is that insufficient control mechanisms have been foreseen at the supranational level to accompany the delegation of power from the national to the supranational level.¹
2. In parallel, as exemplified by the low voter turnout for the elections to the European Parliament (EP), European citizens show limited interest for EU affairs. Their understanding of EU affairs is thus also low. The almost complete absence of debates on EU issues at the national level also contributes to the weakening of the democratic control of and accountability mechanisms for the EU institutions.
3. There are few possibilities for EU citizens to participate directly in EU policy-making.
4. The European Citizen's Initiative (ECI), which was introduced by the Treaty of Lisbon, does not reach the expected results of increasing citizens' involvement in EU affairs. Initiatives proposed so far by EU citizens have barely had any impact on EU policies.

¹ For a brief introduction to the concept of democratic deficit, see for instance: Sara B. Hobolt, *Citizen Satisfaction with Democracy in the European Union*, in: *Journal of Common Market Studies*, Volume 50, Number 51, 2012, pp. 88-105.

5. The ECI's burden-to-impact ratio is inefficient due to: (1) the burdensome procedure linked to the current ECI and (2) the very limited policy impact of successful ECIs (with no binding consequence on successful initiatives).
6. The first years of implementation of regulation have shown limited results. The Commission has answered only two out of the 50 initiatives, and only one of them has led to an actual policy proposal.

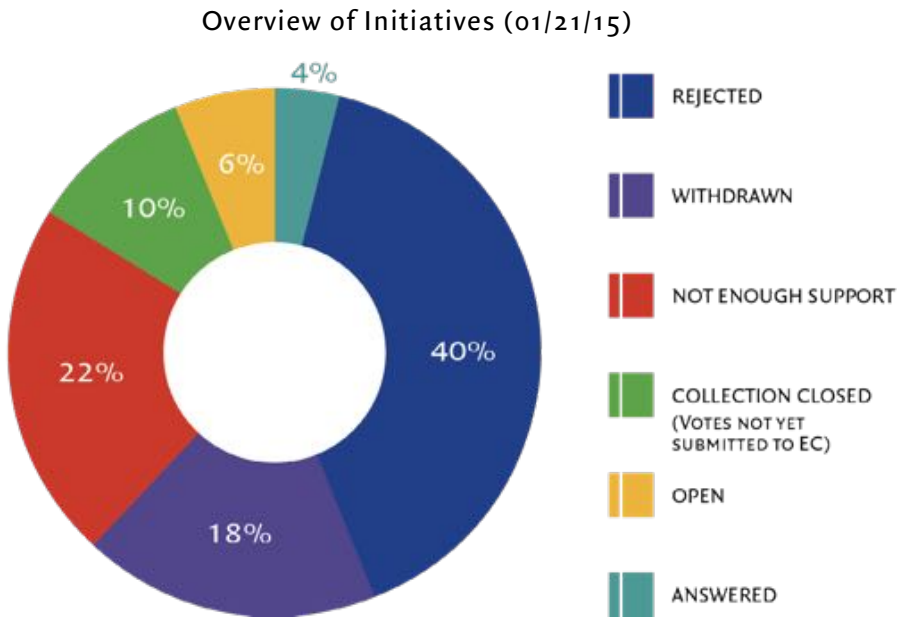


Figure 6. 2. 1. a. Overview of Initiatives (01/21/15): Graph created with data from <http://ec.europa.eu/citizens-initiative/public/initiatives/>—Legend detail²

² Rejected = initiatives that were refused registration since they did not fulfill the conditions laid down in Article 4(2) of the Regulation on the citizens' initiative. All 20 rejected initiatives have been rejected due breaching one of the four conditions: "The proposed initiative does not manifestly fall outside the framework of the Commission's powers to submit a proposal for a legal act of the Union for the purpose of implementing the Treaties."

Withdrawn = initiatives withdrawn by organizers

Not enough support = initiatives that did not gather enough support within the one-year limit

Collection Closed = initiatives for which the collection is closed and which have not (yet) been submitted to the Commission. The Commission does not have any information about whether the organizers managed or failed to collect the required number of statements of support.

Open = initiatives still open for votes

Answered = initiatives for which the Commission have already presented its conclusions

POLICY VISION I

The Democracy Workshop believes that:

Reform of the European Citizens' Initiative

7. There is a general consensus in the academic literature on a positive link between direct/participatory democracy and citizen participation in a democratic process. The inclusion of mechanisms of direct democracy and the provision of increased opportunities for participation support a better understanding of political issues and a growing interest to participate;³
8. The introduction of mechanisms of direct democracy would constitute the basis of a virtuous circle: increased opportunities for citizen participation would lead to increased interest in and understanding of EU affairs, which, in turn, would lead to improved public debates and citizen participation;
9. The current ECI must be reformed in the following way in order to implement a compulsory mechanism for the implementation of successful initiatives:
 - a. Give European citizens an indirect right of initiative;
 - b. A successful initiative must lead to (1) the Commission submitting a legislative proposal to the European Parliament and the Council, or (2) a popular pan-European vote on the initiative;
10. In order to establish this new mechanism, a reform of the ECI *should take the current 2011 EU Regulation No. 211/2011 of the EP and the EU Council on the citizens' initiative (hereinafter Regulation 211/2011) as a basis;*
11. The experiences of countries already implementing direct democracy mechanisms, such as Switzerland, should also be used as a source of inspiration;

³ For more on this, see for instance: Bernhard Laurent et Bühlmann Marc, *La démocratie directe renforce-t-elle l'efficacité politique des citoyennes et citoyens ?*, In: Congrès du GIS, *Démocratie & Participation*, Paris, 18 October 2011 - 21 October 2011, or Bevort Antoine, *La démocratie suisse, Revue du Mauss*, numéro 37, premier semestre 2011, p.447-475, see also : Freitag & Stadelmann-Steffen 2010: 480; Kriesi 2005: 12; Smith & Tolbert 2004: 50).

12. A reformed ECI will allow a committee of citizens of different Member States to submit a *legislative proposal* to the European Commission provided:
 - a. A minimum number of signatures have been collected to support the proposal (Regulation 211/2011 currently sets this number to 1,000,000; a higher number would be needed considering the binding character of the reformed ECI);
 - b. Certain legal standards are fulfilled (Regulation 211/2011 should be the basis for defining these standards. This regulation already defines the key obligations to be fulfilled by the proposed ECIs. The most important obligation is to fall within the framework of the EU's exclusive competences and not to be contrary to EU values.)

13. As opposed to the current procedure, a successful initiative would have *binding consequences*. Upon reception, the European Commission exercises its discretionary power and decides whether (1) to submit a proposal for legislation to the EP and the Council or (2) to reject the text of the initiative. In the second case, the text of the initiative would be submitted to a popular pan-European vote. The EU institutions would be bound by the results of a positive vote.

14. Ideally, the pan-European vote on an ECI:
 - a. Would be accepted if a double majority of the Member States and of the European people would accept the initiative;
 - b. Would take place in all EU countries in the same time frame (as with the elections to the EP);
 - c. Would take place 2.5 years after the elections to the EP. Other dates could be added, but a vote could not be organized at the same time as the elections to the EP;
 - d. The votes on different ECIs should be grouped as a way to avoid costly repetitive organizational costs;
 - e. The costs should be shared between the EU (voting material and platform) and Members States (logistics);
 - f. The use of technology such as internet voting systems should be explored.

15. The introduction of a mechanism of direct democracy will require an amendment of the current treaties as it formally breaks the monopoly of initiative of the European Commission.
16. Another critical element is that our proposal limits the right of initiative to EU secondary legislation. Treaty changes should not be subject to an initiative. This should ease the adoption of a new ECI and the question of the compatibility of our proposal with the constitutional orders of Member States.
17. The EU should set up the platform for the promotion and launch of the reformed ECI. Moreover the EU should conduct various outreach activities to raise awareness and inform EU citizens about the ECI.
18. The key elements of a reformed ECI can be presented in three separate steps:
 - a. Before the collection of signatures: drafting of the initiative:
 - An initiative committee is formed and an initiative drafted.
 - The proposed initiative is submitted for *ex ante* “constitutional check” to the European Commission (i.e. the text is in line with European competences and values).
 - In case of a rejection by the Commission on “constitutional grounds,” the initiative committee could appeal to the Court of Justice of the European Union.
 - If the text is passed, it is submitted for translation under the supervision of the Commission.
 - b. During the collection of signatures: requirements:
 - The collection of signatures starts;
 - The regulation will need to precisely set a deadline for the collection, the number of required signatures and the minimum number of Member States in which the process should take place (the current regulation states 12 months, 1,000,000 signatures, 7 Member States). The number of signatures should be increased considering the policy impact of the reformed ECI;

- The internet should be used as the key tool for collecting signatures in order to decrease costs.
- c. After the collection of signatures: treatment of a successful initiative:
- If sufficient signatures are gathered, the proposal is submitted to the European Commission;
 - The initiative committee is invited to present and defend its text:

Option A: The Commission has the possibility to transform the text into a legislative proposal and submit it to the EP and the Council; If the initiative committee agrees on the Commission's proposals, the initiative ceases to exist; Consequences of a rejection of the text by the EP and Council would need to be specified in the regulation. The launch of a pan-European vote on the legislative proposal of the Commission could be considered.

Option B: The Commission rejects the proposed text; The Initiative is submitted to a popular pan-European vote; If the text is approved, the Commission is forced to submit a proposal to the EP and the Council; Consequences of a rejection of the text by the EP and Council would need to be specified in the regulation.

PARTICIPANTS' STRATEGY I

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

19. Advocate for the inclusion of the mechanism of direct democracy in the context of the revision of Regulation 211/2011.
20. Contribute to the democratic deficit debate with further studies on the positive relationship between mechanisms of direct democracy, active citizenry and the legitimacy of a polity.
21. Continue to nurture the debate with relevant experiences and learnings of countries using mechanisms of direct democracy.

6. 2. 2. Reform of the European Citizen Initiative, Part II

SUBMITTED BY

Damiano Canapa, Pascal Fendrich, Mary Anne Mendoza, Darina Gancheva and Jacob Whitfield

OBSERVATIONS

The Democracy Workshop observes the following:

1. It shares the observations of Paper 6.2.1. Reform of the European Citizen Initiative, Part I (pp. 142-143).
2. The low rate of successful initiatives suggests serious problems with the admissibility criteria, as well as with different stages of completing the initiative.
 - a. The Commission has answered only two out of the 50 initiatives, and only one of them has led to an actual policy proposal.
 - b. 40% of the existing initiatives have been rejected, because they “fall manifestly outside the framework of the Commission’s powers to submit a proposal for a legal act of the Union for the purpose of implementing the Treaties.”¹
 - Three of the rejected ECIs have brought the issue to the European Court of Justice (ECAS).²
 - c. 40% of the ECIs were withdrawn by the organizers or did not get enough support within 12 months.
3. The development of an eGovernment has been a major challenge for the EU at a time when 72% of EU citizens are regular Internet users.³

¹ European Commission. Jan. 12 2015. The European Citizens Initiative. <<http://ec.europa.eu/citizens-initiative/public/initiatives/non-registered/details/2041> .>

² ECAS. 31 March, 2013. “ECI Support Centre response to the European Ombudsman own inquiry into the functioning of the European citizens’ initiative (ECI) OI/9/2013/TN.” <http://www.democracy-international.org/sites/default/files/PDF/Publications/eci_support_centre_response_to_the_european_ombudsman_own_inquiry_into_the_functioning_of_the_european_citizens_initiative.pdf

³ European Commission. 28 May 2014. “The EU 2014 Digital Scoreboard: how did you fare?” *Digital Agenda for*

- a. 65% of the households have Internet connection at home and 48% of the households have access to the Internet via mobile phones (versus 33% in 2011).
 - b. Both the EC and the European Economic and Social Committee (EESC) (the major partner to the ECI committees) have online pages dedicated to the ECI.
 - Currently the ECI page on the ESCS website is not easy to find, has not been updated and does not even mention the open ECIs.
 - The ECI page on the European Commission’s website has experienced continuous technical difficulties that have hindered the collection of signatures.
 - It is hard to keep track of the progress of different initiatives. In order to be aware of all the open initiatives, EU citizens need to check the EC’s page regularly.
 - c. Currently the potential of social media has not been fully realized.
 - Most of the campaigns (even successful ones) have underutilized digital mobilization networks.
4. Even though signing a petition is EU citizens’ preferred method to influence political decision-making,⁴ the process of submitting a signature could be very burdensome.
- a. Currently some countries still require an ID number even though the European Data Protection Supervisor (EDPS) has expressly stated that ID numbers are not necessary for the purpose of verifying the authenticity of the statements of support.⁵
 - b. About two-thirds of the signatures were submitted online, but there have been technical issues with the online submission system.⁶

Europe. <europa.eu/rapid/press-release_IP-14-609_en.pdf.>

4 34% of the respondents said that they have signed a petition online or offline (European Commission. March 2013. “Flash Eurobarometer 373: Europeans’ Engagement in Participatory Democracy.” *Public Opinion*. <http://ec.europa.eu/public_opinion/flash/fl_373_en.pdf.>

5 European Data Protection Supervisor. 2010/C 323/01. “Opinion of the European Data Protection Supervisor on the proposal for a Regulation of the European Parliament and of the Council on the citizens’ initiative.” *Official Journal of the European Union*. <https://secure.edps.europa.eu/EDPSWEB/webdav/site/mySite/shared/Documents/Consultation/Opinions/2010/10-04-21_Citizens_initiative_EN.pdf.>

6 Berg, Carsten and Paweł Głogowski. 2014. “The First European Citizen’s Initiatives: An Overview of the First Two Years of the European Citizens’ Initiative.” *ECI That Works*. <http://ecithatworks.org/wp-content/uploads/2014/04/100_OverviewOfTheFirst2Years.pdf.> p. 17.

- c. Signatures collected on paper have been declared invalid at a much higher rate than online signatures (probably due to illegibility and the failure to include essential information).⁷
- d. The multilingual nature of the campaigning creates issues with translating the ECI to different EU languages. 74% of all ECI signatures come out of five of the six largest EU states.⁸

POLICY VISION II

The Democracy Workshop believes that:

- 5. EU citizens face multiple hurdles to initiating and participating in an ECI. The Democracy Workshop believes that the EU needs to remove these hurdles for both organizers and supporters of initiatives in order to encourage rather than deter participation. These measures are aimed at a more equitable process that helps the average EU citizen to understand, stay informed and benefit from participating in the ECI.
- 6. Part of the democratic deficit perceived by citizens within the EU can be alleviated by increasing awareness about an opportunity to try to influence European-level decision-making directly.
- 7. Increased awareness and support of the ECI process will result in better initiatives that are able to collect more signatures and pass the criterion of being within EU competences.
- 8. The EU should implement outreach activities involving citizens interacting with groups within civil society and existing institutions acting in support of initiatives.
- 9. Resources for both the funding and formulation of initiatives should be provided by outside groups that assist throughout the entire initiative process:
 - a. Pan-European nature of the campaigns
 - b. Collection of signatures

⁷ Ibid , p.17.

⁸ Ibid , p.18.

- c. Funding
 - d. Transparency and Legal Help
- 10. Providing support for an initiative should be made easier and be geared towards inclusivity in terms of online and offline signature collection.
 - 11. A strong social media campaign is necessary to inform citizens about the existence of the ECI, to provide awareness of existing campaigns in need of support, and to assist in the collection of signatures.

PARTICIPANTS' STRATEGY II

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

- 12. Utilize the existing EU institutions, non-governmental organizations and national and EU parties to provide funding and to clarify admissibility criteria.
- 13. Expand upon the OPEN DAYS⁹ agenda of the Committee of Regions (CoR)¹⁰ to include events regarding awareness of the ECI and current initiatives in need of signatures for support.
- 14. Encourage the pursuit of legal assistance during the formation of their initiatives to prevent rejection on the grounds of being outside of EU competences.
- 15. Suggest that all Member States harmonize their ID requirements in order to reduce the number of online and offline signatures that are rejected.
- 16. Ask existing institutions, such as the Committee of Regions (CoR), to provide translation of current initiatives and ECI infor-

⁹ OPEN DAYS consists of four days in Brussels in which regional and city officials meet with experts and academics to discuss regional and urban development, the EU Cohesion Policy and the relevance of regional and city level decisions for policies at the EU level. This involves workshops, debates and other events centered around various topics. OPEN DAYS events are currently free to participate in or attend.

¹⁰ Committee of Regions, OPEN DAYS Factsheet, 2015 http://ec.europa.eu/regional_policy/opendays/od2015/about_od.cfm.

mation into minority languages in tandem with EC provision of materials in the 28 official EU languages.

17. Encourage the usage of various media platforms, such as Facebook and Twitter, to provide cost-effective ways of increasing awareness regarding existing initiatives.
18. Enhance the technological infrastructure of an ECI website in collaboration with the EESC to be user-friendly, up-to-date, and feature an improved e-signature process.
19. Consider the formation of a mobile EU Citizens' App that allows citizens to follow the progress of existing initiatives and share such progress on other social media platforms.

6. 3. 1. 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.¹ We find that in 13 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.² We attribute this discrepancy in voting behavior and its consequences in representation of EU 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.

¹ Authors' calculations from official UK elections data: <http://www.electoralcommission.org.uk/our-work/our-research/electoral-data>. Details provided in the Appendix.

² <http://ukpollingreport.co.uk/voting-intention-2>.

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.³ 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.⁴

POLICY VISION

The Democracy Workshop believes that:

4. 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

³ 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).

⁴ 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).

from their districts to the national government and bureaucracy.⁵ By cultivating this electoral connection at the district level, citizens may feel that they have more of a European identity than at present.

5. 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 States⁶ 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 a 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.
6. In designing the districts, emphasis should be placed on making the ratio of MEPS 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.
7. As the Lisbon Treaty mandates no more than 751 MEPs, no leveling seats can be added in the case of overhang.⁷ 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 Fenno, R. (1977). "U.S. House Members and Their Constituencies." *American Political Science Review* 71: 3883-917.

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

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

8. 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.
9. 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 Euroskeptical 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 no longer be a day just for commemorative speeches but the most important event in European politics.

PARTICIPANTS' STRATEGY

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

10. 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.
11. In opening communication with our contacts present in Brussels as well as in the Member States, we will prepare a strategy for dis-

seminating 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.

12. 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.
13. 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 to 6. 3. 1. Reform of the Elections to 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

Table 6. 3. 1. a. Apportionment of Districts for the European Parliament. Population data: World Bank (2013).

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

Table 6. 3. 1. b. OLS Regression of Vote Shares of UKIP ad BNP England on the Abstention Rate, European elections May 2014. Note: *p < 0.1; **p < 0.05; ***p < 0.01

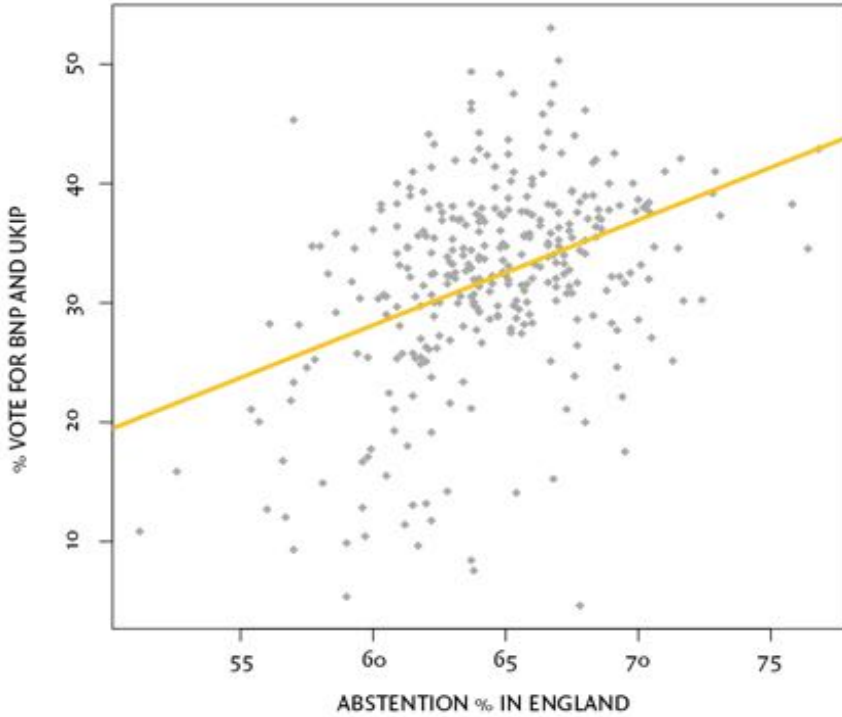


Figure 6. 3. 1. a. Abstention and Right Wing Support in England, European Elections May 2014

6. 3. 2. Response

to 6. 3. 1. Reform of the Elections to the European Parliament

Andrew Duff

*Former member of the European Parliament
from the United Kingdom*

No matter which parliament, electoral reform is always very difficult. Although many will be reluctant to admit it, elected members of parliament have a vested interest in maintaining the status quo. It is no accident that electoral law has an important constitutional status, and in some cases takes the form of primary law which makes revision both difficult and protracted. The European Parliament is no different to other parliaments in this respect. This explains why, despite the longstanding provision in the EU treaty that there should be a ‘uniform electoral procedure,’ the elements of uniformity in the elections to the European Parliament remain fairly sparse. Indeed, the only important mandatory prescriptions are that the results of the election must be proportional, that thresholds may not be higher than 5%, and that polling takes place within a few days of each other once every five years. The rest of the detail is up to each Member State to lay down in national legislation.

The upshot is that instead of there being one pan-European campaign there are in effect 28 separate national election campaigns focused mainly on domestic issues, and which only pay lip service to the European dimension of politics. European-level political parties exist as federations of national political parties, and receive some public funding from the EU. Yet these EU parties are prohibited by law from interfering in the national electoral campaigns for the European Parliament: for example, they cannot select or finance candidates. They are consigned to the organization of congresses which produce earnest but instantly forgettable manifestos, and the production of publicity material such as balloons and umbrellas. Only in 2014, and thanks to the

Treaty of Lisbon, were the EU parties able to nominate their top candidates for the Presidency of the European Commission. That ‘*Spitzenkandidat*’ experiment added an important new element to the election and has made the new Commission rather more ‘political’ than in the past. But the trial run, which proved to be controversial with people (like British Prime Minister David Cameron) who had not read the Lisbon treaty, now needs to be built on.

The principal aim of any reform is to deepen the democratic legitimacy of the Parliament. This elusive concept can be gauged in a number of ways. Increasing turnout (down to 43% in 2014 and 2009) would be an encouraging sign. Acceptance of *Spitzenkandidaten* in all EU states would be another. The transformation of the EU-level political parties from PR machines into proper campaigning organizations, competing with each other for ideas, votes and seats, is the key factor. Decent political parties

at the federal level would provide that missing democratic sinew between the EU citizen and the supranational authorities in Brussels. They would oblige the media to raise their game too by reporting more than they do about Europe’s fast developing post-national politics. They would also compete with the national parties which, with few exceptions, have over the last years grown lazy, ignorant and jealous about the scale and pace of European integration.

The upshot is that instead of there being one pan-European campaign there are in effect 28 separate national election campaigns focused mainly on domestic issues, and which only pay lip service to the European dimension of politics.

The authors of the paper discussed in the Democracy Workshop at the *European Student Conference* at Yale in February 2015 have recognized the importance of the issue of electoral reform and have come up with an ingenious scheme of their own. In so doing, however, they have rather underestimated the scale of their reformist task. For the fact is that there has already been a long debate within the European Parliament and academic circles about how to move towards a uniform electoral procedure, and about what form that procedure should take. The proposal which leads the pack would install a pan-European constituency from which a certain number of deputies—25 is favored—would be elected from transnational lists selected and promoted by the EU level parties. This small element is sufficient, it is argued, to transform

the character of the European Parliamentary elections in the ways described above. It would also move the Parliament closer to reflecting the fact that the Lisbon treaty redefined the job specification of MEPs as being representative of the citizens of the EU rather than, as previously, being representative of the states.

The outstanding issues are numerous and concern mainly the question of whether the transnational MEPs should be in addition to the present size of the House (at 751 MEPs) or whether they should systematically take the place of deputies either of the same nationality or, randomly, of different nationalities.

It is plain to see that this proposal for transnational lists did not carry through the Parliament (or, for that matter, the Council) in time for the 2014 elections. But moves have already begun within the new Parliament to resurrect the scheme in some form or another. The outstanding issues are numerous and concern mainly the question of whether the transnational MEPs should be in addition to the present size of the House (at 751 MEPs) or whether they should systematically take the place of deputies either of the same nationality or, randomly, of different nationalities. The novel transnational factor impacts directly upon the parallel discussion about the re-apportionment of the national-based seats between Member States—a matter on which there is also a considerable degree of controversy and a number of proposals on the table. The suggestion in the Yale paper for territorial constituencies more equal in size does not work in an EU where there are such huge differences between the size of countries and disparities between populations. The treaty-based (and federalist) principle of degressive proportionality needs somehow to be respected without reducing the size of national delegations below reason, fairness and practicability (at present, six).

Likewise, the Workshop proposal advanced to elect 250 MEPs from huge single-member constituencies would skew the representative character of the Parliament in favor only of the two largest political groups, the European Peoples' Party and the Socialists. Plurality and the representation of 'minority' parties of a partisan, ethnic or regional quality is an important feature of

the richness of the present European Parliament. Europe is not America. The proposal also misreads, in my view, the function of an MEP by drawing too close an analogy with the role of national parliamentarians who are perforce more driven to ‘casework’ on behalf of individual electors than a federal level deputy can ever be.

Overall, moreover, the approach of the Workshop tends to underestimate the very wide variety of electoral law and parliamentary culture that we find across the European Union. The less an EU electoral law disrupts existing national practice, the higher the chances of its success. Supplement rather than substitution is the name of the game. And remember that no electoral law is perfect.

European Horizons will be influential if it can get closer to the actuality of the state of the current debate in Europe. If information is not as readily available as it should be, complain to the EU institutions about that and get them to improve their transparency. So go with the grain—and shout out.

Andrew Duff is a leading European federalist and a British politician. Duff was a Liberal Democrat MEP for the East of England and spokesman on constitutional affairs for the Alliance of Liberals and Democrats for Europe (ALDE) from 1999-2014. He was a member of the Convention on the Charter of Fundamental Rights and of the Convention on the Future of Europe.

6. 4. European Political Parties

SUBMITTED BY

Arne Schneider and Luis Alvarado Martinez

OBSERVATIONS

The Democracy Workshop observes the following:

1. European political parties are still not interdependent enough from national political parties. At the same time, national-level parties are in decline as they face a decrease in membership.
2. Despite the fact that the value of European political parties as an essential factor to boost integration and to give the European citizens another opportunity to express their political will was emphasized in Article 138a (Treaty of Maastricht, 1992), they still do not play the role foreseen.
3. The election of Spitzenkandidaten is a first small step towards empowering European political parties and having a true European election. However, the voting procedure as well as the timing was not ideal in terms of creating European political parties that act independently from national ones. Though the need for parties established with a European identity in mind and striving to closely embody the European ideals was recognized explicitly in the Treaties of 1992, the current parties in the political sphere of the EU still do not play the role foreseen.
4. Citizens of European Member States face bureaucratic challenges, as they have to be a member of the respective national party in their home country in order to become a member of a European political party.
5. The environment of European political parties is very dynamic and subject to constant changes, as the ties between national parties with the same ideological background are not in every case very close. However, the voting procedures and the timing did not yield the ideal results for the creation of independent European political parties.

6. European political parties do not count on a far-reaching, common pan-European political program for the whole Union. In the status quo, European elections are a competition between national parties rather than between European parties.

POLICY VISION

The Democracy Workshop believes that:

7. European political parties need to be empowered to fulfill their assigned task by the Treaties. They must strive to become independent from the national political parties and to be able to reach citizens directly in order to bring their voices to the European as well as the local level. This empowerment must come from their national party members, EU institutions with different regulations as well as a constructivist approach (especially of the Commission and the European Parliament). Furthermore, a more ambitious financial support and incentives plan, such as but not limited to providing funding for different initiatives of the European political parties.
8. Citizens should be able to become members of European political parties on the European level directly, without having to go through their national counterparts. Currently, in most of the cases, citizens must register in national parties in order to have access to the work of the European parties (except for ALDE). Citizens might agree with the policies and visions of the European parties but might not share the positions of their respective national party.
9. Being a member in a national party in one Member State should imply the same rights and opportunities for the citizen in a sister party in a different Member State of the EU (e.g. being a member of the Socialist party in Spain should grant the same rights in the Socialist Party in Germany, if the citizen moves to Germany). These rights should be strongly linked to the rights as a Citizen of the European Union (e.g. the right of voting in municipal elections).
10. Spitzenkandidaten (e.g. for President of the Commission) should be democratically elected. Candidates should be decided minimally by all members of the respective national and European po-

litical parties, ideally open to all citizens (e.g. the Greens), and not be appointed by national leaders. The election of the President of the European Commission, stated in the Treaty of Lisbon (TEU, Article 17.7), states that the European Council must take into consideration the results of the European Parliament elections. The Treaty already enforces a direct link between the EP elections and the election of the President of the Commission. The ratification of the EC President by the EP also allows the EP to have a system of checks and balances. Though the EU cannot enforce this, it should encourage and motivate (e.g. with financial incentives) European parties to campaign with the Spitzenkandidaten in order to create a coherent visibility of the EU during elections.

11. European political parties should have a decision-making mechanism to create extensive and common pan-European political programs interdependent from their national parties and based on the common needs for Europe, not on national ones. This program would only be for the European elections, covering debates and topics around European discussions and European policies, where all national parties agree on one common line. This would not replace programs and should be differentiated from national elections. Similarly, it should not introduce an imperative mandate for the MEPs (reference to independence of MEPs: Rules of Procedure of the EP).

PARTICIPANTS' STRATEGY

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

12. Contact European policy-makers and present them the results of the Democracy Workshop at the *European Student Conference 2015* at Yale. (For example, Members of European Parliament, Permanent Representatives of Member States in Brussels, National Parliaments, National party leaders and office representations.)
13. Contact National parties of the same European political families and explain to them the added value of empowering and strengthening their European umbrellas. Inform them about the limited sphere of influence national parties have in the EU integration project. Make suggestions as to the areas where EU parties can have

greater influence.

14. Contact European political parties with these results.
15. Contact media channels and civil society actors to raise public awareness both nationally and on an EU-wide scale.
16. Organize panels and a conference at the College of Europe with representatives of all European political parties.
17. Present results at the Convention of European political parties, where leaders of all national political parties convene annually.
18. Study the possibility of launching a European Citizens' Initiative on the issue by collecting a million signatures in seven countries.
19. Launch a petition in the European Parliament (by collecting signatures from at least 50% of MEPs) to initiate an official declaration by the Parliament.
20. Engage with European civil society organizations and NGOs to call for this change.
21. Use the potential influence of the future student think tank *European Horizons* to influence decision-makers on a national and European level.

6.5. Response

to 6. Democracy

Wolfgang Petritsch

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

The policy papers on Democracy in the European Union, presented at Yale on the occasion of the *European Student Conference* 2015, have highlighted some of the most pertinent technical issues in the quest for a United Continent, whole and free.

The much-touted “democratic deficit” is well analyzed and can be summed up in roughly two categories:

The first one I would call outstanding citizen-centered reforms (European Citizens’ Initiative; election to the European Parliament).

The second perceived deficit is organizational and pertains to the still-outstanding “Europeanization” of national political parties.

A sui generis category—and arguably the most worrisome—is the rising tide of right extremist and antidemocratic behavior in Member States; both in governments (Hungary stands out) and in new and old oppositional formations (from UKIP to the Front National).

While the democratic deficit syndrome is not new to the EU—keep in mind that the EU is a project in the making, the quest for supra-national democracy is a historical first—the antidemocratic tendencies are closely tied to the ongoing fiscal, economic and social malaise in the EU.

The gap between poor and rich is widening.

The European Union has so far not found a credible policy response, neither to its shaky currency—the Euro—nor to its ideological centerpiece, a reconstructed social welfare model a l’Européenne.

Rising unemployment, in particular amongst the young is the dominant feature.

This manifests itself in a long-term “crisis without perspective,” particularly in the Union’s southern rim-states of Spain, Portugal and Greece (not to speak of Italy and France).

Take the Greek example: There the externally imposed austerity regime by the European Commission (EC), the European Central Bank (ECB) and the International Monetary Fund (IMF)—not the best example of democratic legitimacy—has failed to turn the country’s economy around. On the contrary, all relevant socio-economic indicators are far worse today than they ever were when Greece abruptly entered the debacle. Thus Grexit—the forced exodus from the Euro area—is not off the agenda. The newly elected government of Prime Minister Alexis Tsipras and his flamboyant Finance Minister is caught in an ideological bind between Germany’s austerity-minded prescriptions and a growth-oriented policy mix, favored both by economists such as Krugman, Stiglitz and Piketty and favorably viewed by an increasing number of EU Member States.

Democracy Western-style is on the defensive; the “Transatlantic Democracy Accord” is in jeopardy.

This conflict is best characterized by the opposing academic theories of the neoclassical school on one hand and neo-Keynesianism on the other.

While this conflict rages on, a “pseudo-democratic turn” towards a more nationalistic and authoritarian political model takes on shape and speed and threatens to reverse the post-WWII social contract in Europe. A growing number of Europeans find less civic openness (towards immigrants and asylum seekers, even autochthonic minorities) and more national sovereignty increasingly attractive. They cast their votes in national and European elections accordingly. The empowerment of anti-EU parties in the May elections of 2014 clearly demonstrates the dilemma of the liberal democratic model.

As relevant as the issues, discussed at the ESC 2015, are for the evolution of the trans-national European democracy, I thus encourage the participants to further pursue creative solutions; the larger picture must not be ignored.

What we have been witnessing since the end of the post-Cold War era in 2014—triggered by Russia’s revisionist politics in Ukraine and beyond—is the evolving clash of two globally competing socio-political models: Liberal democracy with its canon of rules-based competition, human rights and citizen-centered accountability is increasingly challenged by authoritarian, illiberal concepts of state and society.

More importantly: Since 9/11 the liberal model is threatened from within: The US-inspired “War on Terror” gone astray in Guantanamo and Abu Ghraib has played into the hands of terrorist non-state actors like Al Qaeda and IS and repressive regimes alike. This post-modern version of “bellum omnia contra omnes” has done more to delegitimize Western values than any other US doctrine since 1945.

The appallingly confrontational policies of Tea Party Republicans—take the interference of the Legislature into the prerogatives of the Executive Branch in such foreign policy issues as the nuclear negotiations with Iran—has added to the irreversible damage to the global leadership role of the United States.

America’s Unipolar Moment has come to a close.

While the implosion of the Soviet Union some 25 years ago had ushered in an illusion of the “End of History”—the final victory of liberal capitalist democracy over Soviet communism—we

are now witnessing the success of authoritarian regimes from China, Russia to pro-Western Singapore.

Here is the point: Democracy Western-style is on the defensive; the “Transatlantic Democracy Accord” is in jeopardy.

This challenge is cumulatively bi-coastal: The EU integration engine is stuttering while the American hegemon suffers from self-inflicted wounds. Both domestically and foreign, the US is caught in an unprecedented quagmire, ranging from Tea Party self-destruction to the “war of choice” in Iraq and its dire consequences.

In the wider Middle East—the traditional testing-ground for West-

Ultimately, the “Finalité Européenne” will not depend so much on the continuous refinement of its democratic mechanisms—as necessary as this might be—than on the epic challenge whether the United States and Europe will succeed in reconciling market capitalism with a vision of a democratic, social, ecological and fair society.

ern resolve—the so-called IS has effectively erased the colonial Sykes-Picot settlement.

While the Old (Western) Order is a thing of the past, the contours of a New Global Order are not yet in sight.

Ultimately, the “Finalité Européenne” will not depend so much on the continuous refinement of its democratic mechanisms—as necessary as this might be—than on the epic challenge whether the United States and Europe will succeed in reconciling market capitalism with a vision of a democratic, social, ecological and fair society.

Wolfgang Petritsch is the President of the Austrian Marshall Plan Foundation. He was a post-Doc Fulbright scholar at the University of Southern California, Los Angeles, and the Joseph A. Schumpeter Fellow at Harvard University in 2013/14. After a distinguished career in the Austrian diplomatic service, Ambassador Petritsch became the European Union’s Special Envoy and Chief Negotiator at the Kosovo peace talks in Rambouillet in 1998. The year after, Mr. Petritsch was the International Community’s High Representative in Bosnia and Herzegovina until 2002.

Concluding Remarks

7. 1. Letter from the Directors

Igor Mitschka and Melina Sánchez Montañés
Directors

Take a moment to reflect on the intellectual journey you have just undertaken.

After reading 22 policy papers from 80 different students at U.S. universities, and after engaging with responses from 12 of the most eminent policymakers and professors on European Affairs, you may consider the following questions: Which ideas did you find the most persuasive for Europe? Which of them did you consider unfeasible? In your ideal European Union, what would you like to see realized? How would you contribute towards your European ideal, today and/or in the future?

As the beginning of our own contribution, in November 2013, we decided to organize the *European Student Conference* (ESC) 2015. With this project, we did not want to solely initiate a collective thought process about the strengths and flaws of the European Union; in addition, we aimed to actively improve and change the European Union.

Following the *European Student Conference* in February 2015, we launched *European Horizons* with excitement, pride and ambition. Our mission as a think tank and as a network of students, scholars and professionals is twofold. First, we will develop com-

mon ideas for defining European identity, modernizing the concept of the social market economy, strengthening transatlantic relations and advancing the cause of European integration. Second, we will advocate for these common ideas, today as students and tomorrow as professionals.

Our location in the United States of America is critical for *European Horizons'* mission. Living in America, we experience how this union of states has evolved into a federalist country where people today share a sense of common identity, irrespective of their ethnicity, language or religion. Building on this experience, we want to find our independent paths and solutions for a socially inclusive and economically thriving union of diverse people in Europe.

European Horizons has started to bring together students at U.S. universities. Yet, we are just in the process of defining the principles and ideas that unite us, beyond our general commitment to the European Union. To this end, the policy papers in this issue of the *Review of European & Transatlantic Affairs* serve as source of inspiration for all of us. This issue is therefore not just the output of a conference; rather, it is the input for the discussions we will have over the next months on our vision for the European Union. Students and academics involved in the U.S. chapters of *European Horizons* will join us in this collective activity. We invite you to contribute, too, and help us make *European Horizons* a web of creative ideas and palpable implementation in Europe.

Coming from Vienna, Austria, Igor Mitschka initiated and directed the European Student Conference at Yale in 2015. Today, he serves as Director of European Horizons and works as an Investment Banking Analyst in New York.

Melina Sánchez Montañés comes from Almerimar, Spain. She currently serves as Director of European Horizons. After graduating with a double major in Economics and Latin American Studies, Melina started working as an investment service analyst in New York.



IDENTITY

The Institutions of Identity

The Importance of Identity

Response Paper | PROF. SIMON GLENDINNING

Response Paper | PROF. STEFAN SIMON

Closing the Gap Between the European Union
and its Citizens

Response Paper | JAN TRUSZCZYNSKI

Identity Building Around an Economic Narrative

Identity Building Around a Human Rights Narrative

Response Paper | ERHARD BUSEK

BORDERS

Securitization of Migration

Unification of Migration Policy

Integration

The European Neighborhood Policy

Response Paper | ACHIM LADWIG

Response Paper | PROF. JOLYON HOWORTH

TRANSATLANTIC RELATIONS

Customer Protection

Transparency and the Negotiating Process

An Energy Chapter in the TTIP Agreement

Harmonizing Regulations and Standards

Response Paper | PASCAL LAMY

Investor-State Arbitration

ECONOMY

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

Access to Capital

The Future of Education in Europe

Response Paper | LUC PEEPERKORN

The Role of Technological Hubs of Innovation in Advancing
the Digital Economy in Europe

Response Paper | RICHARD TUFFT

DEMOCRACY

EU response to antidemocratic behavior of Member States

Response Paper | PROF. CHRISTINE LANDFRIED

Reform of the European Citizen Initiative

Reform of the Elections to the European Parliament

Response Paper | ANDREW DUFF

European Political Parties

Response Paper | WOLFGANG PETRITSCH

ISSN 2378-2641 [PRINT]

ISSN 2378-2684 [WEB]