

Investing in European Public Goods

Pascal Lamy and Jakob von Weizsäcker

In the 21st century, some key areas of state activity can no longer be pursued successfully at the level of the nation state because the needed scale and scope is lacking. Be it in defence or the humanitarian treatment of refugees, in shaping our digital future or protecting our climate, in building cross-border transport links or forging a development partnership with Africa: in Europe, not even large member states like Germany or France can hope to address these challenges on their own.

In principle, we have known this for many years. But until recently, we were confident that these challenges could be addressed gradually over the coming decades, by incrementally moving such activities to the European level while strengthening the multilateral world order. Today, there is a much greater sense of urgency because globalisation is messier than it was hoped, because the trust in our closest ally has been undermined by the blatant unilateralism of Donald Trump, and because of the populist threats to the European project from within.

The present situation, where the nation state can no longer deliver in key areas of state activity and the European Union is not yet able to provide satisfactory answers, is a fragile one. If this state of affairs were allowed to continue for much longer, its corrosive effect would endanger the provision of public goods that are essential for our populations. This is a time where the incremental logic of the European project must once again be complemented by audacity and statesmanship. Our ability to act and our sovereignty which is in decline at the national level needs to be restored at the level of the European Union. We urgently need to develop an agenda for the provision of European public goods. Four important factors at play that should help us move forward:

First, in the past year or so, a reasonable Franco-German consensus has started to emerge on six priority areas for the development of European public goods: 1) The humanitarian treatment of refugees and the control of external borders; 2) Security and defence 3) A new partnership with Africa; 4) Energy transition; 5) Pan-European infrastructures to support the single market; 6) Disruptive innovation and digital transformation. These priority areas are also supported in most other member states.

Second, we have entered the negotiation for the European budget framework for the years 2021 to 2027. The present negotiations started on the basis of a comparatively ambitious Commission proposal that already anticipates the European public goods agenda in some areas and makes it clear that business as usual is not an option for Europe. This next European budget period is the occasion to put our money where our mouth is.

Third, the process of improving the architecture of the euro has been made more difficult by speculation that the currency union might break apart eventually. The significant value added of fully developed European public goods stands to bind the Union together much more closely, making a break-up an implausible prospect. Therefore, enhanced European public goods are highly complementary to the ongoing efforts to enhance the resilience of the Euro.

Fourth, there will be European elections in May 2019. We believe that a resounding democratic endorsement for an agenda that puts the European value added at the heart of the European project, that pools resources and decision making powers to restore our sovereignty ability to act in the age of globalisation is within reach provided we succeed in focusing the public debate on a few major issues for our future. This approach would also help to overcome some of the tensions and misunderstandings that were fuelled by a European debate which focussed on financial transfers between member states. By contrast, the European public goods agenda is about increasing the European value added for all.

However, an urgent and concerted effort will be required to seize the moment. In particular, more analytical depth and a political implementation strategy for the European public goods agenda are needed. In order to achieve this, we would suggest a two-pronged approach:

In the very near future, a Franco-German effort on the provision of European public goods in the six priority areas could be launched, with a first report to be published by early 2019. It should aim to outline in more detail which public goods might beneficially be moved to the European level, in which sequence and how the European governance would work, especially on those areas where not all member states might chose to participate initially. In parallel, a Cecchini-type study could be launched by the European Commission regarding the "cost of non-Europe" in the areas of the European public goods, perhaps to be published as a last big report of the Juncker Commission.

On the basis of these studies, we expect that the increasingly nationalist and populist rhetoric could to an important extent be displaced by an informed and hopefully inspiring discussion on how to build the Europe of the future. The time is ripe.