

Eight structural innovations for the EU's next politico-institutional cycle

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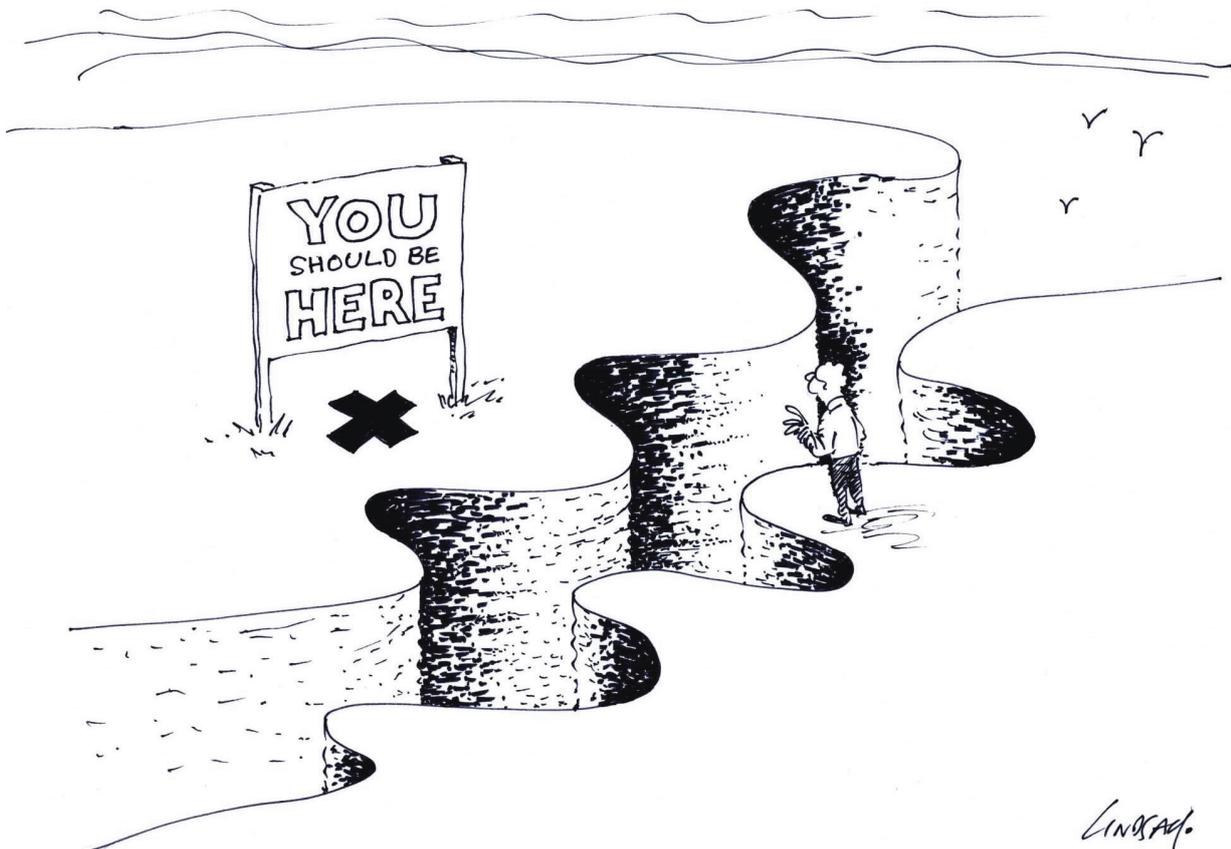


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List of abbreviations

CMU	Capital Markets Union
ESM	European Stability Mechanism
ESPAS	European Strategy and Policy Analysis System
EP	European Parliament
EPF	European Peace Facility
EPoC	European Political Community
EU	European Union
IDEA	Inspire, Debate, Engage and Accelerate Action
MFF	Multiannual Financial Framework
NGEU	NextGenerationEU
RRF	Recovery and Resilience Fund
TEU	Treaty on European Union

Executive summary

Before the start of a new politico-institutional cycle is the moment to consider the EU's future strategic priorities. But in a world dominated by profound regional and global uncertainties and risks, enormous distributional consequences deriving from the fundamental poly-transition that Europe and the world are facing, and the increasing pressure to agree on complicated political trade-offs, **the next EU leadership will struggle to define, let alone deliver, an ambitious set of policy priorities needed to adequately address the European and global *Zeitenwende* in the coming years.**

In this context, and in light of the developing 'permapolycrisis', Europeans will have to act collectively and effectively in their response to the radical change we are witnessing. To do so, there is a need to innovate the relationship between member states and EU institutions, recognising that this **new era will necessitate a higher degree of coordinated executive action at the EU level.**

To achieve this objective, this Discussion Paper recommends the following **eight structural innovations** aiming to ensure that the EU27 will be able to effectively respond to the manifold unprecedented challenges Europe is and will be facing:¹

- 1) **Executive Commission:** EU member states need to equip the European Commission with more effective instruments (including forethought and additional financial means/instruments) and be ready to allow it to exercise more executive powers.
- 2) **Adaptive & Variable Pragmatism** will have to be the main method of integration in the upcoming politico-institutional cycle. The EU27 will have to choose methods and means on a case-by-case basis and be pragmatic about whether issues fall under the community method or require a more intergovernmental approach. At times, this approach will lead to a higher level of internal differentiation outside the EU treaties, which should follow the notion of an "intergovernmental avantgarde", allowing a group of member states to extend the level of cooperation outside the EU treaty framework if sufficient progress cannot be achieved within the EU, while adhering to a clear set of predefined principles.
- 3) **Strategic Coherence:** The European Council's strategic objectives in its 2024-2029 Strategic Agenda, as well as the next Commission president's key political objectives should be coordinated and aligned more closely with each other, considering the trade-offs and potential synergies between and within different policy areas.

- 4) **Collaborative Leadership:** To avoid a dysfunctional relationship as the one witnessed in past years, it will be necessary to ensure that the Presidents of the European Commission and the European Council will work together coherently and effectively in delivering the Union's strategic priorities. EU leaders should send a clear political signal to and set a mandate for future office holders that they expect them to cooperate constructively in the 2024-2029 politico-institutional cycle.
- 5) **Strategic Task Forces:** Taking lessons from the so-called 'Barnier method', the implementation of the EU's key objectives should be supported by Strategic Task Forces, particularly in those areas where there is a strong overlap of competences between the EU and the member state level. The Strategic Task Forces should be institutionally anchored in the Commission and led by experienced and recognisable political figures.
- 6) **Effective Structure:** The Commission's future structure needs to recognise political realities at the national level, including the presence of Commissioners from countries with illiberal and Eurosceptic governments. This will require a further hierarchisation of the college and the establishment of an 'Executive Bureau' including the Commission president, the High Representative and the (Executive) Vice-Presidents.
- 7) **Transversal principles:** A distribution of tasks to policy silos will not allow to innovatively connect the dots and effectively implement the next Commission's diverse but interconnected political priorities. All areas of Commission policymaking should thus adhere to a common set of transversal principles that would help to: (1) enhance the Commission's executive capacity by better pre-empting policy developments; (2) foster an intergenerational approach; (3) develop greater leverage to overcome short term trade-offs; and (4) strengthen the foundations of European integration to make the EU more resilient regarding transversal risks and interdependency between different policy areas.
- 8) **Higher level of citizens' participation:** Citizens' buy-in will be essential to ensure that Europeans feel a sense of ownership when it comes to making hard choices and co-determining the future of their continent. Consequently, the EU should improve the existing EU participatory instruments and develop and implement novel, more innovative, and more ambitious participatory instruments that rely on joint inter-institutional endorsement and receive adequate financial support from the EU budget.

The permapolycrisis requires an upgrade of the European integration machinery. The proposed structural innovations fully control the EU institutions and the member states. Where necessary, they can exclude the EU countries/governments that do not support the common strategic direction. They can be implemented quickly without changes to the Treaties. There is no barrier to

improving the functioning of the (enlarging) European Union but the political will to implement the necessary reforms. If we don't use the instruments and structures we have at our disposal to the maximum, we will struggle even more with the challenging and contested landscape in which we find ourselves.

A new beginning

Traditionally, before the start of a new politico-institutional cycle (2024-2029) is the moment to consider the European Union's (EU) future strategic priorities and speculate about its future leadership and institutional structures, with a special emphasis on how the next Commission will be set-up and organised. Following the 2024 European elections, a (re-)new(ed) leadership will enter office with a set of priorities for the upcoming years, reflecting the campaigns and the outcome of the elections and the subsequent (s)election of the President of the European Commission, as well as the European Council's 2024-2029 Strategic Agenda.

But in a world dominated by profound regional and global uncertainties and risks, enormous distributional consequences deriving from the fundamental poly-transition that Europe and the world are facing, and the increasing pressure to agree on complicated political trade-offs, **the next EU leadership will struggle to define, let alone deliver, an ambitious set of policy priorities needed to address the European and global *Zeitenwende* in the coming years.** There is thus a need to introduce **structural innovations** to ensure that the EU27 will upgrade its machinery to effectively respond to the manifold unprecedented challenges Europe is and will be facing

The need for 'brutal honesty'

The discussions about the definition and implementation of the strategic priorities of the next politico-institutional cycle have to start from one 'brutal truth': the world we live in.² **Europe and the rest of the world have entered an age of 'permapolycrisis' characterised by the permanence of numerous interrelated crises and transformations, which have led to a severe blockage when it comes to resolving common global challenges.** Climate change continues to pose an existential threat to humanity, the digital transition is fundamentally altering the way we live and work, demographic change is leading to shrinking and ageing societies, and war is making a strong comeback as an instrument of *Realpolitik*, with even the risk of a thermonuclear apocalypse back in the realm of the possible.

While it is true that the world has faced many difficult periods in the past, this should not distract our attention from the fact that the current challenges are enormous and that there is a significant risk that the situation could spiral out of control in the years to come.

To some this might seem an overly alarmist picture. But Europeans should know better, as their continent has already experienced the age of permacrisis over the last 15 years, including the financial and economic crisis, the sovereign debt crisis, the migration crisis, Brexit, the (first) Trump administration, Russian aggression in Crimea and Georgia, terrorism, the COVID pandemic, and so on.³ At the same time, Europe continues to be challenged by the structural implications of the poly-transition – climate, technology, demography, geopolitics, security – in a domestic and global political environment that is increasingly characterized by fragmentation and polarization.

Russia's invasion of Ukraine was a watershed moment, ushering in a *Zeitenwende*, the beginning of a new era, where European security, prosperity and democracy are directly under threat.

Within that context, **Russia's invasion of Ukraine was a watershed moment,⁴ ushering in a *Zeitenwende*, the beginning of a new era, where European security, prosperity and democracy are directly under threat.** The war in Gaza only serves to highlight the level of global instability, while also increasingly pitching the West against other parts of the world, further accelerating the demise of the global rules-based order.

The rhetoric-actions gap

But while increasingly lip service has been paid to the challenges of this new era, actions at the EU and national levels are still falling far behind what is needed. This is partly because **Europe is suffering from a collective progress illusion**, where the (positive) actions taken are nowhere near addressing the scale and scope of Europe's fundamental challenges. In other words, while Europe is facing exponential challenges, policy is still trying to respond with linear solutions.⁵

But partially it is also a conscious denial of new realities, often driven by contradictory motivations. There are some who argue that EUrope always grows with crises, i.e. that the EU has, on each occasion, found solutions to crisis situations in the past and that the Union and its members will be able to do so again when our backs are against the wall.⁶ They point to what has been done already, for example in support for Ukraine or the response to the pandemic, and the unprecedented nature of these actions. However, this is an illustration of the progress illusion, dangerously ignoring what has not been done and the significant risks that poses.

It is also dangerous to trust that the ‘crisis automatism’ witnessed in previous chapters of the permapolycrisis will always work in future. It would be naïve to take for granted that the EU and its members will always do what is required when the pressure is so high that the Union has no choice but to go the extra mile to avoid the situation spiralling out of control, especially if EU-critical political forces assume more power in the EU27.⁷

At the same time, there are those who have fallen prone to despair, who believe that it is impossible for Europe to address these challenges and that the ‘old continent’ is doomed to live in a period of continuous decline, where future generations face even worse constraints on their ability to shape the environment in which they live and to defend their values and interests.

The fundamental challenges that we are confronted with should function as a rallying call, not as an excuse for despair, introspection, inertia, and inaction.

There is some truth in this point of view: if Europeans do not act collectively and effectively in their response to the radical change we are witnessing, this is likely the future next generations will face. However, this is not the time to give up. On the contrary, **the fundamental challenges that we are confronted with should function as a rallying call, not as an excuse for despair, introspection, inertia, and inaction.** It is a normative and moral imperative that we do all we can to change these dismal outcomes for future generations.

The political economy of crisis

Despite proclaiming a *Zeitenwende*, we have not comprehensively changed our policies to fit this new era, we have not experienced the necessary moment of truth.⁸ But why are we not doing what needs to be done, which many European and national decision-makers in private acknowledge as being necessary?

At the heart of the problem lies democracy itself. The choices that the EU and its members must make will be painful and costly as they will directly affect our economic model, our level of prosperity and our lifestyle. The EU and its members have to distribute costs rather than gains from a higher level of cooperation and integration at the European level. While these costs are lower than they would be if every country would act by itself, politically this is a far more challenging proposition, magnified by the cross-border nature of these costs and their distributional consequences.

The common refrain from decision-makers is that the necessary actions are political impossible, i.e. that we face the dilemma Jean-Claude Juncker summarised succinctly: “We all know what to do, but we don’t know how to get re-elected once we have done it.”⁹ In other words, **the rise of populism and nativism and the more challenging and contested environment is undermining the political economy of common political action and forward-looking strategic decisions.**

In some way, this is a trap that Europeans have created by themselves. Rather than acknowledging that the world we face will entail making difficult and painful trade-offs, i.e. that systemic and structural action will require sacrifices that will constrain our lifestyles, populations were told that governments would protect them from mega-trends. Regarding Russia’s threat, politicians, at least in Western Europe, were quick to emphasise that our lifestyle would not be impacted fundamentally after the initial adjustment period, emphasising that, in essence, it is not ‘our’ war. No wonder that the realistic appreciation of danger present in many populations gave way to a more complacent and removed mood. Even worse, when it comes to climate action, populations were told that green policies would drive Europe’s competitiveness and growth, leading to a backlash when climate action inevitably starts to hurt the pockets of households directly.

In addition, **the EU and its members need to find the courage to drop rigid, ideological mind frames and engage in some serious and potentially uncomfortable soul searching**, given that old concepts and deeply held assumptions might need to be revised or even abandoned to ensure progress. But courage is about daring to act proactively without taboos and to undertake the extraordinary changes needed to deal with the new era we live in. However, Europeans and others in the ‘old West’ struggle to take an honest look in the mirror, instead of simply pointing the moralising finger at others. But only the brave can be politically daring to proactively address systemic risks instead of simply wishing them away or hoping that they will (again) be able to muddle through.¹⁰

A threat to democracy

All of this adds up to a fundamental threat to democracy. **Liberal pluralist democracies worldwide will have to prove they work not only when times are good but also when times are bad.** The elections in Europe and throughout the world this year illustrate the permanent

and significant presence of undemocratic and populist forces, including in the 2024 European elections and in the upcoming US presidential election. Negative outcomes can lead to vicious downward cycles, where mainstream democratic politicians feel increasingly unable to defeat the populist challenge, trying to avoid controversy or even copying populist policies but at the same time undermining democracy by disappointing the expectations of citizens.

The first step to get us out of this political dilemma is brutal honesty: “Not everything that is faced can be changed, but nothing can be changed until it is faced” (James Baldwin). Citizens want to see integrity and honesty in their leadership, and it is the only way in which our populations will be ready to commit to the necessary sacrifices. But for that, European leaders have to stop acting according to the environment they would like to live in and start to openly discuss and address the new era we are confronted with, which is becoming more challenging and contested, not less.

Rather than copying some of the policies from the populists, political leaders both at the EU and national levels need to do two things. First, they should openly explain and discuss the strategic choices Europeans are confronted with. Second, they should **develop and share a forward-looking vision, which provides a feasible although painful path aiming to protect the values and interests of future European generations.** This needs to be underpinned by cross-border strategic thinking, first defining common objectives and then pragmatically lining up the means to achieve them. This also entails changing the European integration process, not for its own sake but to deliver common solutions that match the scale and scope of the global permapolycrisis we are facing.

The importance of trade-offs

The world we live in poses fundamental questions: how will the EU and its members deal with (short-term) negative trade-offs and transition costs, even if there are potential (longer-term) synergies between different European policy areas? How do we prioritise between fundamental challenges and competing policy choices? How do we achieve a consistent, strategic, cross-cutting, and holistic approach that cuts across silo thinking when there is an inherent contradiction between achieving different objectives? How do we ensure the European economy is strong enough to underpin the delivery of crucial transversal priorities?

Answering these questions in a world of profound uncertainty and high, polarised risks is challenging for European and national decision-makers. This is aggravated by the inevitable distributional consequences of systemic action. Decisions about the major trade-offs, involving transition costs, painful choices, and distributional consequences will inevitably have political consequences. We are already increasingly witnessing

these consequences at all levels of policymaking, most notably in the rise of mostly radical right-wing populist parties, or more accurately ‘anti’ parties, that offer simple responses but no solutions, while promising protection from the complex challenges we face.

Providing a counter-narrative to populist forces is especially difficult in a world of inevitable distributional costs, which always entail winners and losers, with costs often outweighing the benefits.

While it is a laudable aspiration to have a just and fair transition, it is hard to see how the negative trade-offs and transition costs can be compensated fully. There will have to be sacrifices and inevitably this raises the question who will pay and why. There is thus a need for a greater focus on protection and addressing inequalities, despite the reduced means available.

These dilemmas are already visible and will show at ballot boxes even more in future, which implies that one of the key questions for the EU’s next politico-institutional cycle will be how to ensure the political support and feasibility for the continued development and implementation of transformational policies. In other words, the political economy of EU policy will be of paramount importance to deliver the strategic objectives of the EU in the coming period.

At the same time, the EU will also have to ensure that it is able to address the implications of prior crises, not least since there is a strong possibility that at least some of these challenges will be back on the agenda, be it migration, pandemics, sovereign debt, terrorism, incalculable international strategic partners, or rule of law challenges. In addition, **the consequences of Russia’s invasion and the imperative of supporting Ukraine will include a much greater priority on enlargement, support for Ukrainian reconstruction and the development of common defence and security capacities.** Many elements of these policy priorities fall outside the normal remit of the EU and the European Commission, which raises the question of whether the Union and its institutions are equipped with the required competences, decision-making structures, and (financial) instruments, for example to act in the area of defence and foreign policy.

The consequences of Russia’s invasion and the imperative of supporting Ukraine will include a much greater priority on enlargement, support for Ukrainian reconstruction and the development of common defence and security capacities.

Improving the EU's implementation capacity: Eight structural innovations

In a world dominated by profound crises, uncertainties and risks, there is a need to innovate the relationship between the EU and its members recognising that **the age of permapolycrisis will necessitate a higher degree of coordinated executive action at the EU level**. To achieve this objective and to counter despair and inertia, this paper argues in favour of eight structural innovations aiming to improve the Union's implementation capacity in the years to come.¹¹

INNOVATION #1 – A MORE 'EXECUTIVE COMMISSION'

The new European Commission must be rethought to effectively deliver the strategic priorities set at the beginning of its mandate. This innovation reflects the circumstance that the Commission will, more than ever, have to exercise executive powers in light of the severe challenges the EU and its members are and will be facing. Rather than immediately adding significant further competences, which require the support of all member states, this process entails the implementation and enforcement of existing provisions and extending their reach to further policy areas.

This has already been a trend in the previous legislative period, with more and more emergency provisions being applied. This development is not uncontroversial, as it entails the danger of sidelining the European Parliament (EP) and is often also seen critically in national capitals as an unacceptable power grab by the Commission, at least when it concerns policy areas where specific member states do not want to see common action outside their direct control. **However, the pressures for a more 'executive Commission' will increase, including the need to expand the policy means and financial instruments necessary to act**, involving also a higher level of common/joint borrowing at the EU level (see also below).

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Obviously, when attempting to apply executive powers, it is by no means certain that the member states will allow the 'Brussels executive' the room to act. Yet, the

reality will continue to drive the use of more executive powers, not least since member states want the Union to act in many policy areas where the EU level legislative framework is, and will, most likely, remain, patchy. In the context of the different chapters of the permapolycrisis, which the EU27 have experienced since 2008, it became obvious that the pressing need to deal with the multiple crises could not be solely addressed via the usual European legislative procedure.

Being forced to rapidly react to fundamental changes in the EU's policy environment, the Union's legislative process was often unable to cope with the complexity and urgency of the challenges that the EU27 had to face. Given the need for holistic, responsive, strategic, and adaptable decision-making, the focus has already shifted towards implementation and enforcement in many policy fields, given also the extensive legislative packages that have been passed in the context of, for example, the Green Deal or the digital/technology agenda. In addition, **the EU's increasing role in policy areas with limited legislative competences**, for example in health, foreign policy and security, and the increasing importance of public/European funding, **demand a higher degree of executive capability and capacity.**

In addition, one can assume that the need for the Commission further accelerated by a more dysfunctional legislative process, given the likelihood that the results of the 2024 European elections will lead to a higher level of political fragmentation inside the EP and an increasing influence of national governments and parties on 'their' members of the European Parliament. As a result, an already complex process is likely to become even more cumbersome resulting in lengthy legislative processes that lead to outcomes that predominantly reflect the need to reach a political compromise rather than the imperative to come up with more effective policy solutions.

Forethought and strategic capacity

For the Commission to better act in an executive manner, it will need to better anticipate developments and to adapt policies dynamically to an ever-changing environment.¹² But it is not enough to simply focus on foresight but rather it becomes **necessary to apply forethought to ensure that policy responses and their consequences are integrated into future expectations.**¹³

As a consequence, the Commission's internal capacities should be increased, in particular by (1) using the Commission's internal think tank, IDEA¹⁴ and its potential resources fully and by (2) reforming the EU's European Strategy and Policy Analysis System (ESPAS),¹⁵ which is a

long-standing inter-institutional EU process promoting foresight and anticipatory governance. Another key goal has to be to address and counter bottlenecks at the top of the Commission, with a re-invigorated General Secretariat playing a vital role in this process (see also Innovation #4 on the Commission structure).

In addition, the EU must become better at building an ecosystem of think tanks, advisory bodies and policy influencers, in particular to become more effective on the global stage. While many in the Union believe that Europe is rather effective in 'soft diplomacy', in reality the EU's capacity in track 2 and track 1.5 mechanisms is constrained by the limited support provided for non-state actors in this field, in contrast to other parts of the world that have substantially invested into the ability to promote non-governmental, informal and unofficial contacts and activities.¹⁶

Money matters

There is a need to equip the Commission with additional means and mechanisms, including either a more substantive EU budget or through an extended capacity to use more innovative EU-wide financial instruments, including also the private sector. While the recent mid-term review of the current Multiannual Financial Framework (MFF) 2021-2027 has again shown that a substantial increase of the EU budget does not seem to be politically in the cards, there is a need to showcase that the money spent at the European level will reduce expenditures at the national level.

This will be particularly necessary in areas where the EU27 need to collectively invest more in the years to come, for example on joint capacities and capabilities in the area of hard defence and security. It is virtually impossible to do so without a substantially higher level of common/joint borrowing at the EU level – and pressures will increase even further in the upcoming years. Given fiscal pressures at the national level, there will be an increasing need to cover some of the costs for common challenges at EU level, including, for example, the enormous obligations arising from the enduring support towards Ukraine. It is likely that the forthcoming Draghi Report will reinforce the case for such common borrowing to finance European public goods.

Consequently, the next European Commission will have to design such common instruments to be ready as soon as the political environment allows this to be implemented in practice. For this purpose, the Commission will have to elaborate and build up mechanisms that can be scaled up once the political moment is ripe. This will also be necessary, as there is no credible and sensible pathway to ensure that the NextGenerationEU (NGEU) loans can be repaid, so this obligation will also have to become (semi-)permanent.¹⁷

INNOVATION #2 – THE NEED FOR ADAPTIVE & VARIABLE PRAGMATISM

Given the high level of fragmentation and polarisation in the EU, adaptive and variable pragmatism will have to be the main method of European integration in the upcoming politico-institutional cycle. Although there is no doubt that the Union must adjust its operating system to the new era (including a potential enlargement to 30+ member states), **it seems highly unlikely that the EU and its members will in the immediate future be guided by shared visions of grand novel institutional designs**, requiring major treaty revisions prepared by a new constitutional convention. Idealised views of European integration assuming a major federal leap with the community method being expanded to more and more policy areas (supported also by a substantial increase of the EU budget) are not on the cards.

It seems highly unlikely that the EU and its members will in the immediate future be guided by shared visions of grand novel institutional designs.

At the same time, given the immense geopolitical and geo-economic challenges, which the EU and its members will have to cope with in the future, it would also be short-sighted and unrealistic to believe that intergovernmental processes alone can replace the need for higher levels of long-term systemic cooperation among the EU27, with cross-connections and trade-offs across policy areas necessitating a structural framework for common action.

Does this imply inaction or a return to national action? In some policy areas, despite not being the optimal solution, the latter is already the case, for example, when it comes to subsidising national industries. Yet, **in most policy areas a more coordinated and integrated EU approach will yield better outcomes both at the European and national levels**, reducing collective costs for the EU27. The need to do so is recognised by many, given that the trans-national and interconnected nature of today's policy challenges renders national action inefficient and ineffective. In addition, given the importance of size and power in a more contested global policy environment, with fragmented multipolarity undermining multilateralism, member states need to be ready to cooperate if they want to reach a critical global mass that enables them to make a difference.

So, what does adaptive and variable pragmatism entail? It implies choosing methods and means on a case-by-case basis, which are suitable to address whatever policy challenges need to be addressed, while considering

political economy limitations. It means being pragmatic about whether issues fall under the community method or require a more inter-governmental approach, or some form of blend between them, as seen with the 'Barnier method'.¹⁸ In some ways, it is an approach where the end justifies the means.

Inevitably, adaptive and variable pragmatism could lead to higher levels of internal differentiation, with groups of countries advancing in certain areas or where agreement among all EU countries, bar one, is necessary to overcome resistance.¹⁹ But this is not differentiated integration in the classical sense, which often follows the notion that there is a coherent core group of 'willing and able' member states that is ready to substantially deepen the level of integration even if other EU countries are not (yet) prepared. **Variable pragmatism should rather lead to a form of differentiation, which follows the idea of an "intergovernmental avantgarde", where a group of member states extend the level of cooperation outside the EU treaty framework while adhering to a clear set of principles** explored below.²⁰

In theory, a smaller group of countries could move forward by using the mechanisms of differentiated integration available in the Lisbon Treaty, including the instrument of enhanced cooperation (Article 20 TEU). However, experience has shown that member states are reluctant to use the existing mechanisms/instruments, given that their application is rather complex in practice and on many occasions also reaches legal limits, especially if they touch on areas where EU legal norms apply to all member states, for example on Single Market issues.

So, if agreement cannot be found within the EU framework, an alternative route needs to be explored, allowing the 'willing and able' to cooperate outside the EU treaties, as was done in the case of the European Stability Mechanism (ESM) or the Fiscal Compact (enshrined in the "Treaty on Stability, Coordination and Governance in the Economic and Monetary Union"), which excludes those member states that choose not to participate or support a common approach.²¹ Cooperating on an intergovernmental basis outside the EU can be effective, especially if European-level funding is involved, although it is never an ideal solution and should thus only be conceived as a last-resort option.

If agreement cannot be found within the EU framework, an alternative route needs to be explored, allowing the 'willing and able' to cooperate outside the EU treaties

However, the possible downsides of an intergovernmental avantgarde could be reduced if such forms of cooperation follow core principles. They should:

- (1) In principle be open to all member states willing to join;
- (2) Involve or even strengthen the role of EU institutions in the differentiated areas;
- (3) Keep non-participating member states constantly informed;
- (4) Refrain from setting up new permanent parallel institutional structures outside the Union;
- (5) Aim to integrate the legal norms adopted and the cooperation initiated outside the EU into the Union's treaty framework as soon as possible.²²

If the 'willing and able' adhere to these core guidelines they would not 'only' be able to pragmatically move forward, they could also do so in a way that would strengthen rather than undermine the community method.

Yet, there is a risk that variable pragmatism will predominantly concentrate on the short term without a long-term vision guiding the need for higher levels of differentiation. It can end up simply being viewed as an extended version of crisis-mode without a coherent narrative and clear justification for actions taken. However, **if variable pragmatism is paired with an agreed strategic direction, as well as a pro-active approach and an effective delivery structure, it can be a powerful way to move forward**, especially as the EU and its members need to adapt to increasingly higher levels of uncertainty and risk in the years to come. It offers an alternative route to implement future priorities while reflecting the circumstance that not all member states will be ready to agree on some of the difficult choices and trade-offs that lie ahead. Furthermore, it offers an opportunity to move policy forward whenever yesterday's impossibilities become today's imperative collective actions, i.e. when the unthinkable such as permanent EU level borrowing becomes reality.

INNOVATION #3 – ALIGNMENT OF STRATEGIC OBJECTIVES AND PRIORITIES

Recognising not only the nature of the geopolitical and geo-economic environment but also the impact the multifaceted challenges are having on the political economy of EU decisions and the nature of European integration at this juncture should be the starting point for setting the priorities for the next politico-institutional cycle in the EU, and the structures needed to deliver on them. This implies that there needs to be broad alignment on objectives, and an adaptive structure and approach, including effective cooperation at the highest level (see also innovation #4).

Therefore, **the objectives set by the European Council in its 2024-2029 Strategic Agenda and the key political priorities defined by the next Commission President should be coordinated and aligned** more closely with each other. All considerations on structure and personalities should start from a strategic appreciation of what needs to be done in the next politico-institutional cycle. In an ideal world, there would be a transboundary, transversal strategic exchange, leading to a shared vision among the EU27 of what needs to be done, incorporating and closely coordinating actions at both the national and European levels.

The objectives set by the European Council in its 2024-2029 Strategic Agenda and the key political priorities defined by the next Commission President should be coordinated and aligned.

However, experience shows that the EU27 struggle to define and agree on a joint strategic vision, let alone a concrete strategic plan, given major differences between member states (governments) on core strategic issues and questions. But even in the absence of such a strategic process and outcome, solutions to today's and tomorrow's challenges should still determine the focus of the next political cycle. So, which challenges need to be dealt with in the next political cycle and what are the trade-offs that the EU27 will have to agree on?

At an abstract level, there seems to be a broad common understanding of what needs to be done. The list includes: (1) defending and strengthening European democracy and the Union's fundamental values including the rule of law; (2) pro-actively facing fundamental transformations, including the mega-trends of climate change, technological revolutions and demographic changes; (3) making gradual but decisive progress on enlargement while ensuring that a (much) bigger EU will not lose but rather gradually increase its ability to act; (4) enhancing economic competitiveness and prosperity, and the well-being of European citizens while ensuring social fairness/justice and protecting European societies from future health threats; (5) continuing to pursue the objectives set by the Green Deal at the European and global level; (6) making sure that the EU and its members will be able to assume more responsibility when it comes to defence and security on the continent; and (7) enhancing Europe's economic security in an increasingly hostile geo-economic environment.²³

All these objectives are likely to be reflected in the EU's future agenda. But even if the Union and its members are able to reach a broad agreement on a long list of abstract objectives, **the EU27 will not have a common understanding of what the Union's core strategic**

priorities shall be in the upcoming cycle and, most significantly, how they should be addressed and implemented in concrete terms, especially when it comes to the Union's response to changing global realities.

On the contrary, **the call for unity and agreement on abstract objectives hides underlying difficulties and differences among and within the EU27 on major strategic questions**. Again, the list is long:

- ▶ How to overcome the “ambition-unity dilemma” and the “rhetoric-actions gap” between the deep challenges identified in Sunday speeches and the inadequate implementation of indispensable policy actions?²⁴
- ▶ How do we resolve the need to strengthen the Union's ability to act with a marked reluctance to provide the EU with more powers and competences?
- ▶ Which EU governance reforms are essential and politically feasible within or beyond the Lisbon Treaties?²⁵
- ▶ What level of integration are we ready to offer countries that want to join the Union before they become full EU members and how do we prepare for a Union of potentially 30+ member states?
- ▶ How does the rule of law sit with illiberal democracies inside the Union and how can it be defended?
- ▶ How do we trigger the painful changes in behaviour that are required from citizens and businesses to achieve the green transition, both domestically and internationally without destroying the political consensus to act?
- ▶ Is economic progress the same as GDP growth and how do we reflect the need for a well-being economy?²⁶
- ▶ How much public intervention is necessary and desirable in our economy, and how do we deal with the domestic and global distortions that creates?
- ▶ How do we, at the international level, strengthen Europe's economic security, while making sure that we achieve the right balance between protection and prosperity, between openness and (economic) security?²⁷
- ▶ What are the key lessons from the war in Ukraine for our relationship with other global powers, including China and the US?
- ▶ And finally, when it comes to the fundamental geopolitical and geo-economic consequences of the war in Ukraine, do the EU27 agree on the (potential) implications this watershed moment has at the European and global level?

While lip-service is being paid to the European and global *Zeitenwende*, we do not see the horizontal, fundamental changes the EU27 would have to carry out if they would truly appreciate that we are experiencing a new era. While the responses of the EU and its members

to the war in Ukraine have at times been groundbreaking,²⁸ the scale and scope of the current interrelated and systemic challenges require a fundamental rethink across all policy areas²⁹ for the long haul.

The way ahead is not about the false choice between incremental or radical change. At this point, change in the context of the evolving permapolycrisis will inevitably be radical, whether it is piecemeal or wholesale, and the focus should be on the need to adapt as if our survival depends on it – because it does.³⁰ But rather than witnessing radical change based on a forward-looking, strategic agenda, **we are witnessing a reactive muddling-through³¹ that will not address the severe gravity of the fundamental challenges that we are facing, individually and collectively.** One cannot witness that the EU and its members are radically upscaling their readiness to deepen their level of cooperation at the European level, especially when it comes to deepening defence cooperation and the need to reform decision-making in the (European) Council, or when it comes to preparing for major global risks, such as a second Trump Presidency.

The EU27 do not ‘only’ struggle to answer the abovementioned strategic questions and challenges, member states and EU institutions have not conducted a realistic assessment of what has or has not worked, and whether we have individually and collectively reached the point where we need to be at this moment in time. This is not to say that the EU has achieved nothing or that collective actions at the European level have been ineffective. On the contrary, in response to Russia’s attack of Ukraine, the EU27 have acted more decisively, more united and faster than in any other crisis since 2007.

Although the Union and its members reacted more decisively than many expected, this is no time for self-congratulation.

But **although the Union and its members reacted more decisively than many expected, this is no time for self-congratulation.**³² The EU27 must do more in response to the tectonic shifts that we are witnessing in Europe’s neighbourhood and at the global level. There is a need to measure the overall progress in relation to the scale and scope of the challenges we face, guarding against the progress illusion.³³

Principles and process of alignment

To achieve greater alignment of objectives, the process should not end with the appointment of the new Commission President with his/her agenda unchanged and the European Council’s strategic priorities separate

from that. Rather, there should be a synthesis process where the Commission’s and European Council’s priorities are aligned to provide an implementable vision that guides the EU in its entirety for the coming period. To ensure that national and European action works in tandem and that policy silos are connected, clear goals and a common strategic vision are needed.

This entails that some key principles or criteria should be adhered to when setting the highest-level priorities for the next politico-institutional cycle, given fundamental trade-offs between the different potential strategic priorities require us to make hard political choices. There are three interlinked key criteria that the EU should apply:

- ▶ First, which of the fundamental (potential) crises and challenges that we are facing is the most dangerous? In very simple words: What should we fear most? The EU27 should concentrate on those crises/ challenges that potentially might have the most catastrophic effects.
- ▶ Second, which challenges carry the greatest urgency, where do we have to act now?
- ▶ Third, which strategic priority is linked to a challenge that we will not be able to deal with in case developments spiral out of control? In other words, the EU should prioritise those areas where it will be most difficult to provide a concerted, effective and swift response at the EU level. To give an example: if the EU and its members have to autonomously confront a severe security challenge at their borders, it will be difficult to swiftly react to this, given that it takes time to strengthen the security/defence capabilities of the EU27. Consequently, it makes sense to be ambitious and invest early on and continuously into these areas.

Taking these criteria into account, Europe must focus on security, which has many aspects: enhancing European defence capability; supporting Ukraine; defending EU interests in the rest of the world; acting against internal and external threats to democracy; enhancing economic security;³⁴ developing key technologies, and so on. However, the EU’s priorities should not be determined by analysts or by any individual actor in the system. Rather, once the new EU leadership and institutions are in place, there should be an inclusive summit of member states and institutions, to further align priorities and to provide a hierarchy of actions to be taken, set alongside key implementation tools and mechanisms to avoid a ‘Christmas tree’ of wishes that have no realistic means of implementation, also drawing on citizen participation as described in Innovation #8.

INNOVATION #4 – COOPERATION BETWEEN THE EUROPEAN COUNCIL & COMMISSION PRESIDENTS

For national capitals to align objectives, and to be ready to allow the Commission to wield more executive powers, the ‘Brussels executive’ should work even closer with the members of the European Council and its President, in an

effort to establish a more common and more coherent strategic direction at the highest political level. This **makes close cooperation between the Commission President and the President of the European Council a necessity rather than a nice-to-have**. Of course, this also applies to the High Representative, a position originally designed to build a bridge between EU institutions.

To establish a more coherent strategic direction at the highest political level and to effectively deliver her/his priorities, the next Commission President (who is part of the European Council) will have to forge strategic alliances with the other members of the European Council. To achieve this objective, the relationship between the Commission President and the President of the European Council will be crucial. The future configuration across Rue de la Loi should thus, from the outset, aim to avoid dysfunctional relationships as the one we have witnessed during the 2019-2024 politico-institutional cycle. The experience since 2019 has shown that a lack of cooperation (or even competition) between the presidents of the Commission and the European Council have undermined the Union's ability to deliver better policymaking among the EU27.

A constructive cooperation between the two presidents at the EU level is particularly significant in times in which political leadership has become a scarce commodity at the national level, especially as national (coalition) governments are increasingly under pressure at home. Under these conditions, it will be particularly significant that the presidents of the European Council and Commission push in the same direction. Both need to understand that the power of the Commission increases in line with the strength of the European Council and *vice versa*.

For some, this points to a necessity of merging the two roles by having one person being both President of the European Council and President of the European Commission. Although the creation of a so-called 'big double hat' would be legally possible on the basis of the Lisbon Treaty, it would be politically and institutionally unwise to do so for two main reasons. First, merging the two roles would create high expectations, which the person, who would become President of both the European Council and the Commission, would not be able to fulfil. She/he would be perceived as being the 'EU President' without being equipped with the executive powers that would have to come with the office. Second, the creation of a 'big double hat' would weaken the position and independence of the Commission and its President in the Union's inter-institutional set-up. One can assume that the person becoming Commission President, who would at the same time also head the European Council, would heavily depend on the heads of state and government, who have nominated and elected her/him based on Article 15.5 TEU. So, in sum, a merger of the two positions would lead to a clash between the intergovernmental and the Community methods to the detriment of the Union.⁵⁵

But even if the 'big double hat' is not the solution, there is still a need to enhance the level of cooperation between the two presidents. Consequently, the selection process should have this in mind and aim to make sure that the choice of office holders will from the outset reflect the need for a better cooperation across Rue de la Loi. The need for close cooperation, of course, also applies to the High Representative. Unfortunately, the abortive attempt to determine the EU's top institutional leadership on 17 June highlighted that, once again, the debate only focused on what party group gets what job without a vision on how this leadership trio will work together, with some even arguing for temporal incoherence by having a different Council president for the second 2 1/2 year term. **EU leaders should send a clear political signal and set a clear mandate for future office holders that they expect them to cooperate constructively in the 2024-2029 politico-institutional cycle**. Closer cooperation and the alignment of objectives between the two presidents, which should also take into consideration the High Representative with his/her double hat, can deliver more effective and more efficient focus on the key challenges Europe faces.

EU leaders should send a clear political signal and set a clear mandate for future office holders that they expect them to cooperate constructively in the 2024-2029 politico-institutional cycle.

One way of helping to systematise such cooperation would be the establishment of a regular 'Common Strategic Planning Forum', involving key officials from the different EU institutions, supplemented by other actors depending on the key subjects in question, for example, bringing in experts, national actors and strategic task force leaders as detailed below. The Common Strategic Planning Forum could also help to prepare horizontal initiatives such as the meetings of the European Political Community (EPOC) or the establishment of a 'European Security Forum'.

INNOVATION #5 – ESTABLISHMENT OF STRATEGIC TASK FORCES

Cooperation among the Union's main institutions could be further enhanced by the **establishment of strategic task forces, particularly where there is a strong overlap of competences between the EU and the member state level**.⁵⁶ Taking lessons from the Brexit experience, the use of the so-called 'Barnier method'⁵⁷ offers a way forward when it comes to implementing the (if possible common) strategic objectives defined by the European Council and key political priorities set by the Commission President.

The effective delivery of these objectives/priorities should be supported by the establishment of ‘Strategic Task Forces’. These Strategic Task Forces should be institutionally anchored in the Commission and led by an experienced and recognisable political figure, who enjoys the support and trust of both the Commission (President) and the European Council. The Strategic Task Forces could be led by a Commissioner or by an external figure, depending on the overlap of the Task Force with a specific Commissioner’s responsibility. The person leading the Strategic Task Force would have an explicit responsibility to work with the member states, linking to the responsibilities of the President of the European Council. This would be an innovation that would bring added value, even in the case of a better relationship between the two presidents (see Innovation #4), given the need for more action that has to coordinate and combine member states and EU actions.

The Task Forces should have a concrete strategic goal that acts as a guiding focus point, which all action should be focused on. In many ways, it applies the logic of EU missions to the executive level.³⁸ In more concrete terms, **Strategic Task Forces could deal with the following key objectives/priorities:**

- ▶ **Enhancing the capacity and capability of the EU’s defence & security industry**, in particular drafting a ten-year strategy that aligns national industrial priorities and provides investment certainty for the sector;
- ▶ **Aligning the process of EU enlargement and internal EU reforms** by drawing up a concrete plan for the accession of new member states with concretely defined milestones and actions along the way (support, reconstruction, policy reviews) and preparing the EU’s operating system for a Union of 30+ members (including a reform of EU decision-making);
- ▶ **Developing Europe’s capacity to act globally by establishing cooperation between like-minded countries**, building common fora with member states and enhancing track 2 and track 1.5 capacities;
- ▶ **Enhancing economic security by building up the portfolio of instruments** necessary at the EU level and to enhance coherence of national instruments to build resilience against weaponised interdependence;³⁹
- ▶ **Positioning the EU at the forefront of future technologies**, including the development of common investment instruments;
- ▶ **Addressing the implications of the poly-transition** (climate | technology | demography | geopolitics) **on European labour markets**;
- ▶ **Completing the Capital Markets Union (CMU)** and providing/developing financing instruments for Europe’s transitions;

- ▶ **Reducing the administrative burden for European companies** to improve the business environment and provide a new impetus for the Single Market (implementation of recommendations from the Letta⁴⁰ and Draghi reports).

This could be complemented with the appointment of Special Envoys, dealing with particular strategic countries. However, they would need to have real powers of coordination and be embedded within the EU system to be effective.

The final selection and sequencing of Strategic Task Forces should be made at the highest political level, with some being frontloaded, depending on their urgency and importance in addressing the key strategic challenges the EU faces. The Strategic Task Forces should be agreed upon and supported by the European Council (including all Heads of State and Government and the Commission president) and enshrined in the common strategic priorities of the Union, so there is a direct read-across between the defined objectives and this structure.

INNOVATION #6 – NEW COMMISSION STRUCTURE

As in the past, the next European Commission (President) will reflect political realities at the national level, including the presence of Commissioners from countries with illiberal and Eurosceptic governments. But how can the College of Commissioners work effectively if it is characterised by a high level of distrust, a low level of collegiality, and a strong national focus of some of its members? All these elements are in many ways strongly affected by the leadership style of the Commission President. As a result, experience has shown that the structure of the Commission often becomes a secondary issue in practice. Furthermore, the way the Commission functions will, of course, depend on personalities, political circumstances at the European and national, as well as political and, at times, even personal rivalries between members of the college.

However, there are processes and structural elements that can help to drive a more effective delivery of the Union’s core strategic priorities. This starts with the selection of Commissioners. Given that national governments are strongly involved in the appointment of potential Commissioners, this process will heavily depend on the member states. Governments should therefore to a greater extent than in the past try to involve the constructive opposition in the process at the national level. The selection of Commissioners and the assignment of concrete portfolios and roles within the college depends heavily on the Commission President, who will need to be vigilant to reject unacceptable candidates from the outset. In addition, the European Parliament can also play a constructive role in the hearings, even if its ability to scrutinise individual members of the college might be negatively affected by the strengthening of far-right voices in the 2024 European elections.

All Commissioners should be obliged to sign-up to the EU's strategic priorities and key delivery mechanisms identified as described above, as well as enshrining behavioural norms, for example, in terms of interactions with their member state government, creating a form of political contract between the Commissioners and the Commission President. There should be a clear 'disciplinary process' if these agreed standards are not met, leading to a potential reassignment of portfolio responsibilities, exclusion from decision-making, especially in cases where Commissioners prioritise national over European interest, and, if necessary, replacing Commissioners that do not fulfil their obligations.

All Commissioners should be obliged to sign-up to the EU's strategic priorities and key delivery mechanisms.

However, in some cases, it might be necessary to accept Commissioners who will not play a constructive role at the EU level. The establishment of Strategic Task Forces (see Innovation #5) will help to cushion the presence of Commissioners from countries with illiberal and Eurosceptic governments. But more must be done to minimise their influence, including through a further hierarchisation of the college. The respective Commissioners need to be effectively sidelined and given a low level of responsibility, for example, focused on more administrative or implementation tasks. While this does implicitly question the principle that the college of Commissioners is a body of equals, saboteurs have to be kept out of the engine room to ensure that strategic objectives can be delivered. In more concrete terms, the nomination of de facto 'junior commissioners', who are involved in the direct implementation of specific tasks or portfolios under the auspices of a Vice-President of the Commission, would not only help to streamline the work of the Commission. It would also ensure that the influence of Commissioners from countries with illiberal and Eurosceptic governments would be limited and under control.

Executive Bureau

The leadership of the European system needs to be expanded, involving the non-Commission Strategic Task Force leaders discussed above, as well as special envoys focused on particular countries (for example, a more business-oriented personality to interact with the Trump administration in case he is re-elected) and leadership from accession countries, for example a Ukrainian 'twin' to work closely with the Commissioner/Vice-President most focused on Ukraine.

EXECUTIVE BUREAU – SET-UP & RESPONSIBILITIES

- President – Strategic policymaking/forethought, General Secretariat.
- High Representative – Foreign and security policy.
- Executive Vice-Presidents including a 'Kanzleramtsminister'⁴¹ – resources/budget, EU reform and enlargement (Secretary of the Executive Bureau).
- Vice-President – Support for Ukraine and reconstruction (shadowed by Ukrainian 'twin').
- Vice-President – Climate and environment
- Vice-President – Defence & security, cooperation with NATO.
- Vice-President – Economy, technology & competitiveness.
- Vice-President – Geo-economic & economic security.

However, there also needs to be a strong centre. **The structure of the next Commission should be expanded via the establishment of an 'Executive Bureau'**, including the Commission President, the High Representative and the (Executive) Vice President(s), drawing in other Commissioners, Special Envoys and the heads of Strategic Task Forces depending on the topic in question, with a particular focus on strategic direction. In effect, this would lead to a clearer internal hierarchy, with the Executive Bureau setting the course for the Commission as a whole. The members of the Executive Bureau need to have adequate structures and administrative resources that can support them, implying that they would also have parts of the Commission operating under their political authority, as well as having the support of the General Secretariat.

The allocation of all remaining portfolios will depend on a number of factors, including the nature/constructiveness of the Commissioners chosen, the strategic priorities and the associated implementation instruments. However, the principles and processes outlined in this strategic innovation should guide these appointments.

When allocating responsibilities in the Commission, the Commission President should not 'only' assign the individual tasks and policy areas to the members of the college, Strategic Task Force Leaders or Special Envoys, there is also a **need to clarify and provide the instruments necessary to deliver the objectives and additional competences and/or instruments required**. The latter is necessary to avoid that the Commission's new structure merely becomes lip-service.

In line with the strategic priorities set out in the beginning of the mandate, all Commissioners (especially those who are members of the Executive Bureau) should define the key reforms (i.e. the major envisioned changes) needed in their respective portfolio, ordered by level of urgency and significance. These key reform needs should be discussed within the college and with the member states *inter alia* via the 'Common Strategic Planning Forum' (see Innovation #4).

Finally, **no Commission portfolio should be a reform-free zone**. The volatility and uncertainties of the new era require that all policy areas are constantly re-examined and adapted if need be. The experience of the past 15 years has shown that in an age of permapolycrisis the EU and its members are constantly confronted with unexpected fundamental challenges and crises, which in return might require also modifications to the Commission's internal set-up.

INNOVATION #7 – TRANSVERSAL PRINCIPLES

When implementing the objectives defined in the political priorities of the EU, the nature of the actions required will oblige the Commission to deal with the multiple trade-offs, uncertainties and distributional consequences that are interrelated and transversal. Even more than in the past, **a division of tasks into policy silos will not be able to innovatively connect the dots between the different priorities**.

The table below indicates a common set of transversal principles that would help to: (1) enhance the Commission's executive capacity by better pre-empting policy developments; (2) foster an intergenerational approach; (3) develop greater leverage to overcome short-term trade-offs; and (4) strengthen the foundations of European integration to make the EU more resilient regarding transversal risks and interdependency between different policy areas.

(1) Executive Capacity	(1) Intergenerational approach ⁴²	(3) Leverage	(4) Foundations
Building forethought ⁴³ capabilities.	Defining anticipatory, future-oriented policies to build capacity & political feasibility.	Promoting cooperation between like-minded countries.	A security dimension and consideration in all policies.
Bundling structures/policies around strategic objectives.	Developing & 'selling' a new economic model (well-being economy) that recognises current failures.	Developing financial instruments & policy frameworks to leverage private investment, especially for green & digital.	Defending democracy at the EU & national level.
Increasing flexibility in policy and spending.	Protecting citizens' future by emphasising: sustainability and climate change & promoting social investments.	Fostering investment in global standard setting.	Enhancing EU interaction with neighbouring countries.
Innovating policy instruments.	Fostering innovation & technology policy at the forefront of future technologies.	Creating facilitators for private investment, including the development of the CMU.	Strengthening the active engagement of citizens (see also Innovation #8).
Promoting joint undertakings with member states.	Adapting policies to changing societies with a special emphasis on demographic change & migration.	Establishing common procurement instruments.	Conceptualising & promoting EU enlargement & internal EU reforms.
Developing club goods that reward participation.	Protecting citizens' future, including (economic) security & defence.	Advancing a common EU investment capacity.	Enforcing the rule of law.
Fostering budgetary innovation & voluntary co- or match-funding in particular areas. ⁴⁴	Turning future synergies into current benefits.	Developing an industrial & trade policy to serve defence & security.	Strengthening the EU's geopolitical & geo-economic role.
Developing crisis intervention instruments.	Overcoming European taboos, including common/joint EU borrowing and/or taxation.	Improving better policymaking.	Completing the Single Market & fostering competitiveness.

These transversal principles suggest different ways of thinking about future policy (implementation) rather than determining the future structure of the Commission. In fact, applying these principles to the Commission structure would be counter-productive, as it would divorce the transversal policy goals from the resources available and thus reinforce compartmentalisation and silo-thinking, albeit along novel lines. These principles should instead function as a matrix for every Commissioner and be applied to their respective policies to see how far they are advancing overall towards implementing the common strategic objectives set out in the EU's key political priorities.

The application of these principles requires a re-think of how the next Commission President delivers his or her priorities. Rather than merely mandating the concrete portfolios and responsibilities of (Executive) Vice-Presidents, Commissioners or group of Commissioners, the challenge to the whole system, and to each and every member of the college, should be how to deliver on the cross-cutting priorities and the associated delivery mechanisms, which will ultimately determine whether the scale and scope of the challenges we face are adequately addressed, taking into account the inevitable trade-offs that this entails.

INNOVATION #8 – HIGHER LEVEL OF CITIZENS' PARTICIPATION⁴⁵

Policymakers at the European and national level need citizens' support – but also prodding – to shoulder the responsibility required to successfully adapt to the massive challenges of today. **Citizens' buy-in will be essential to ensure that Europeans feel a sense of ownership when it comes to making hard choices and co-determining the future of their continent.**

Consequently, the existing EU participatory instruments should be improved in the next politico-institutional cycle. But the crux of the matter is that citizens' participation is intrinsically linked to bigger structural problems related to the state of European democracy and the functioning of the EU. Making the most of citizens' participation can only happen if all EU institutions, including national governments, accept and support the need to reform the Union's operating system. Once the EU and its members are ready to adapt the functioning of an enlarging Union to the needs of the 21st century, new opportunities will and should emerge to use existing and new instruments of citizens' participation to modernise EU democracy and improve the Union's institutional effectiveness.

The EU27 should develop and implement novel, innovative, and ambitious participatory instruments that rely on joint inter-institutional endorsement and receive adequate financial support from the EU budget. But citizens' participation in the Union should not be reduced to one single permanent mechanism. Instead, the EU should follow a functional approach and add different specific deliberative tools at critical moments in European policymaking. Following the notion of 'thinking

enlarged',⁴⁶ these processes will require the inclusion of citizens, civil society, experts, and policymakers from (potential) future EU countries.

In more concrete terms, the Union's existing participatory toolbox should be expanded to include the following new instruments that need to be collectively supported and jointly organised by the European Commission, Parliament, and Council:

- 1) The EU should examine the possibility of creating '**big tent' fora**, where randomly selected citizens from all over Europe and elected representatives from different policy levels (from the local, regional, and national to the European) gather every five years to discuss and contribute their ideas to the Union's strategic agenda for the upcoming politico-institutional cycle.
- 2) **Citizens' deliberations on major transformative projects**, including those identified by the 'big tent' fora as the Union's strategic priorities, should become standard practice. These deliberations should foresee local, regional, national, and European citizens' panels involving different sets of randomly selected citizens. The panels can channel and sustain public pressure to reach and then convert policy decisions into concrete action at the European, national, and subnational levels.
- 3) As the strategic pressure to adapt the Union's operating system will continue to grow in the years to come, a **European Citizens' Reform Panel** should be set up to accompany the EU's internal reform process, involving citizens from existing and potential future member states. The active participation of citizens could help to generate public support and thus counter the danger that the outcome of future reform efforts might be rejected in one or the other EU country.
- 4) The complex debate about and process towards the EU's potential enlargement to 30+ member states suggest the organisation of a **European Forum on Enlargement**. This exercise should engage representatives from all EU and EU-hopeful countries, at all levels: i.e. citizens, civil society, experts, as well as elected policymakers. In the spirit of 'thinking enlarged', establishing such a Forum would help intensify the transnational debate, increase public trust on both sides, and foster knowledge about the complexities of the EU enlargement process.

The EU and its members should not only acknowledge but also embrace the need for radical change and citizens' participation can be key in moving the Union fundamentally forward.

When it comes to the future of the European integration process, the age of permapolycrisis requires a more strategic, ambitious, and proactive approach. Fears, disunity, and muddling through will not take the Union very far. Instead, **the EU and its members should not only acknowledge but also embrace the need for radical change and citizens' participation can be key in moving the Union fundamentally forward.** Citizens'

participation is not a miracle solution. It is one concrete and promising avenue for the EU to rise to the internal and external challenges confronting the 'old continent'. The Union and its members should, therefore, grasp it with both hands and break through the glass ceiling that prevents the EU and European democracy from levelling up.

Conclusion: EUrope's *Zeitenwende* is real

It is crucial that we think more radically about what the EU27 need to do, and how to do it, to address the fundamental challenges the *Zeitenwende* is putting in front of us, to overcome the political economy of systemic action in a world of trade-offs, risk and distributional consequences. The EU's priorities, its way of working, its structure, the personnel selected, and the principles driving action all need to be derived from the severe challenges of the permapolycrisis the Union and its members are facing. The structural innovations proposed in this discussion paper aim to contribute to this process and to equip EUrope to better deal with the new era we live in by strengthening the EU's implementation capacity.

The permapolycrisis requires an upgrade of the European integration machinery. This is difficult, and the temptation will be to reactively muddle through rather than carrying out major reforms now, particularly where the EU's internal organisation is concerned. But this underestimates the challenge: **only if we have effective structures and mechanisms will it be possible to start to deliver on the priorities of EUrope in this era of existential threats.**

The proposed structural innovations are fully under the control of EU institutions and the member states. Where necessary, they can exclude the EU countries/governments that do not support the common strategic direction. They can be implemented quickly without changes to the Treaties. There is no barrier to improving the functioning of the (enlarging) European Union bar the political will to implement the necessary reforms.

Not all reforms and innovations will be translated into practice. But radical changes are needed and if we don't start the process and use the instruments and structures we have at our disposal to the maximum, we will struggle even more with the challenging and contested landscape in which we find ourselves.

Only if we have effective structures and mechanisms will it be possible to start to deliver on the priorities of EUrope in this era of existential threats.

- ¹ The proposals included in this paper are all feasible in the framework of the current EU treaties. However, they do not preclude the need to further reform the European Union, potentially encompassing also the need to amend the EU's primary law.
- ² This section is largely based on: Zuleeg, Fabian (2024), "Europe's Cognitive Dissonance", *Intereconomics – Review of European Economic Policy*, Vol. 59, Number 3, pp. 122-123. Download available here: <https://www.intereconomics.eu/contents/year/2024/number/3/article/europe-s-cognitive-dissonance.html>
- ³ See Zuleeg, Fabian, Emmanouilidis, Janis A., Borges de Castro, Ricardo (2021), "Europe in the age of permacrisis", *EPC Commentary*. Download available here: <https://www.epc.eu/en/Publications/Europe-in-the-age-of-permacrisis-3c8a0c>
- ⁴ See Zuleeg, Fabian (2022), "A watershed moment in European history: decision time for the EU", *EPC Commentary*. Download available here: <https://www.epc.eu/en/publications/A-watershed-moment-in-European-history-Decision-time-for-the-EU-4628f0>
- ⁵ See Zuleeg, Fabian (2023), "Overcoming the European Progress Illusion", *EPC Commentary*. Download available here: (<https://www.epc.eu/en/Publications/Overcoming-the-European-Progress-Illusion-505c44>)
- ⁶ See, for example, van Middelaar, Luuk (2014), *The Passage to Europe – How a Continent Became a Union*, Yale University Press.
- ⁷ See Emmanouilidis, Janis A. and Stratulat, Corina (2024), "Participatory democracy at the EU level: How to break the invisible ceiling", *Observatory Report* published in the context of the EU Democracy Reform Observatory. Download available here: https://www.epc.eu/content/PDF/2024/Participatory_Democracy_paper_v4.pdf
- ⁸ See Zuleeg, Fabian and Emmanouilidis, Janis A. (2022), "Europe's moment of truth: United by adversity?", *EPC Discussion Paper*. Download available here: https://www.epc.eu/content/PDF/2022/Europes_moment_of_truth_DP.pdf
- ⁹ See The Economist (2027), "The Quest for Prosperity". Quote from Jean-Claude Juncker, Prime Minister of Luxembourg and President of the Eurogroup. Download available here: <https://www.economist.com/special-report/2007/03/17/the-quest-for-prosperity>
- ¹⁰ See Emmanouilidis and Stratulat, *op.cit.*; here p. 13.
- ¹¹ The proposed eight structural innovation are all feasible in the framework of the current EU treaties. However, they do not preclude the need to further reform the EU and its operating system, potentially encompassing also the need to amend the EU's primary law.
- ¹² See Riekeles, Georg (2021), "The von der Leyen Commission: Time to reset, regroup and get things done", *EPC Discussion Paper*. Download available here: https://www.epc.eu/content/PDF/2021/Commission_reset_DP_v2.pdf
- ¹³ See Zuleeg, Fabian and Borges de Castro, Ricardo (2023), "From foresight to forethought: No longer lost in translation?", *EPC Commentary*. Download available here: <https://www.epc.eu/en/publications/From-foresight-to-forethought-No-longer-lost-in-translation-51813c>
- ¹⁴ IDEA is an advisory service that provides innovative ideas and a space for interdisciplinary research and collaboration on core Commission priorities, which reports directly to the Commission president.
- ¹⁵ The European Strategy and Policy Analysis System (ESPAS) is an inter-institutional EU process promoting foresight and anticipatory governance. It brings together nine EU institutions and bodies who are committed to thinking longer term about the challenges and opportunities facing Europe and, through foresight, to support policy-makers to make the right policy choices.
- ¹⁶ Track 2 diplomacy is the practice of non-governmental, informal and unofficial contacts and activities between non-state actors. It contrasts with track 1 diplomacy, which is official, governmental diplomacy that occurs inside official government channels. In addition, the term track 1.5 diplomacy is used to define a situation where official and non-official actors cooperate in the interaction among states.
- ¹⁷ See Zuleeg, Fabian (2024), "Financing the *Zeitenwende*", in TEPSA (ed.), *The Future of EU Financing*, 11th issue of the European Council's Experts' Debrief, pp. 15-16. Download available here: https://www.clingendael.org/sites/default/files/2024-05/EUCO_Debrief_May_2024.pdf
- ¹⁸ See Gostyńska-Jakubowska, Agata, and von Ondarza, Nicolai (2020), "The Barnier method: Lessons learned from the EU's institutional approach to the Brexit negotiations", in Zuleeg, Fabian, Aktoudianakis, Andreas, and Wachowiak, Jannike (eds.), *Towards an ambitious, broad, deep and flexible EU-UK partnership*, Brussels, pp. Download available here: <https://www.epc.eu/en/publications/Chapter-6-The-Barnier-method-Lessons-learned-from-the-EU's-instituti-35082c>; and Greubel, Johannes (2019) "The EU's governance of Brexit and its impact on the negotiations", *EPC Policy Brief*. Download available here: <https://www.epc.eu/en/publications/The-EU's-governance-of-Brexit-and-its-impact-on-the-negotiations-26bfec>
- ¹⁹ See Emmanouilidis, Janis A. and Zuleeg, Fabian (2022), "Overcoming the ambition-unity dilemma", *EPC Discussion Paper*. Download available here: https://www.epc.eu/content/PDF/2022/Overcoming_the_ambition-unity_dilemma_DP.pdf
- ²⁰ See Emmanouilidis, Janis A. (2021), "Differentiated EUrope 2035: Elaboration and Evaluation of Five Potential Scenarios", EUIDEA Policy Papers, No. 16.
- ²¹ See Emmanouilidis, Janis A. (2012), "Which Lessons to Draw from the Past and Current Use of Differentiated Integration?", in European Parliament, DG Internal Policies (ed.), *Challenges of Multi-Tier Governance in the European Union – Effectiveness, Efficiency and Legitimacy*, pp. 62-77; here pp. 68-70 & 74. Download available here: [https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/474438/IPOL-AFCO_ET\(2013\)474438_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/474438/IPOL-AFCO_ET(2013)474438_EN.pdf).
- ²² See Emmanouilidis, Janis A. (2021), "Differentiated EUrope 2035: Elaboration and Evaluation of Five Potential Scenarios", EUIDEA Policy Papers, No. 16, p. 25.
- ²³ Świeboda, Paweł, and Riekeles, Georg (2024), "Europe's make-or-break moment: Putting economic security at the heart of the EU's 2024-2029 strategic agenda", *EPC Discussion Paper*. Download available here: https://www.epc.eu/content/PDF/2024/Economic_Security_Discussion_Paper.pdf
- ²⁴ See Emmanouilidis and Zuleeg, "Overcoming the ambition-unity dilemma", *op. cit.*
- ²⁵ See, for example, Duff, Andrew (2023), "Towards common accord? The European Union contemplates treaty change", *EPC Discussion Paper*. Download available here: <https://www.epc.eu/en/publications/Towards-common-accord-The-European-Union-contemplates-treaty-change-553e44>
- ²⁶ McLeod, Aileen, and Rayner, Laura (2023), "Protective, preventative policymaking fit for the future", *EPC Commentary*. Download available here: <https://www.epc.eu/en/Publications/Protective-preventative-policymaking-fit-for-the-future-54cef0>
- ²⁷ See Świeboda and Riekeles, "Europe's make-or-break moment", *op. cit.*
- ²⁸ Like the Recovery and Resilience Fund (RRF), the European Peace Facility (EPF) or the decision to grant candidate status to (and by now open accession talks with) Ukraine and the Republic of Moldova, as well as give the European perspective to Georgia.
- ²⁹ See Zuleeg and Emmanouilidis, "Europe's moment of truth: United by adversity", *op. cit.*
- ³⁰ See Emmanouilidis and Stratulat "Participatory democracy at the EU level: How to break the invisible ceiling", *op. cit.*
- ³¹ See Emmanouilidis, Janis A. (2015), "Europe's Reactive and Protective Muddling Through", *EPC Post-summer Analysis*. Download available here: https://www.emmanouilidis.eu/publications/2015/post_summit_analysis_october_2015.php
- ³² See Zuleeg and Emmanouilidis, "Europe's moment of truth: United by adversity?", *op. cit.*
- ³³ See Zuleeg, "Overcoming the European Progress Illusion", *op. cit.*
- ³⁴ See Świeboda and Riekeles, "Europe's make-or-break moment", *op. cit.*
- ³⁵ See *Turning fear into hope* (2022), Conversations between Herman Van Rompuy, Fabian Zuleeg and Janis A. Emmanouilidis. Moderated and edited by Jacki Davis; here p. 61. Download available here: <https://www.epc.eu/en/Publications/Turning-fear-into-hope-4cd9d4>
- ³⁶ See Riekeles, "The von der Leyen Commission", *op. cit.*
- ³⁷ See Gostyńska-Jakubowska and von Ondarza, "The Barnier method", *op. cit.*; and Greubel, "The EU's governance of Brexit and its impact on the negotiations", *op.cit.*
- ³⁸ See Mazzucato, Mariana (2021), *Mission Economy: A moonshot guide to changing capitalism*, Allen Lane.
- ³⁹ See also Świeboda and Riekeles, "Europe's make-or-break moment", *op. cit.*

- ⁴⁰ See Enrico Letta (2024), *Much More Than a Market: Speed, Security, Solidarity*. Download available here: <https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf>
- ⁴¹ The idea to establish a Kanzleramtsminister stems from the German system, where a Minister is directly working with the highest political leadership to enforce and coordinate policies across the political system.
- ⁴² See Zuleeg, Fabian (2022), "Applying an intergenerational mindset to European technology investments", *EPC Discussion Paper*. Download available here: <https://www.epc.eu/en/publications/Applying-an-intergenerational-mindset-to-European-technology-investmen~4ca324>
- ⁴³ See Zuleeg and Borges de Castro (2023), "From foresight to forethought: No longer lost in translation?", *op. cit.*
- ⁴⁴ See Zuleeg, Fabian (2018), "Squaring the MFF circle: How match funding can deliver the EU's new priorities", *EPC Commentary*. Download available here: <https://www.epc.eu/en/Publications/Squaring-the-MFF-circle-How-match-funding-can-deliver-the-EUs-new-pr~1e6734>
- ⁴⁵ For a more detailed analysis and description of the proposed citizens' participation instruments see: Emmanouilidis and Stratulat, "Participatory democracy at the EU level: How to break the invisible ceiling", *op. cit.*; and Emmanouilidis, Janis A. *et al.* (2023), "[Conference on the Future of Europe: What worked, what now, what next?](#)", *Observatory Report*. Download available here: https://eu-democracy-reform-observatory.eu/wp-content/uploads/2022/03/High_Level_Advisory_Group_Report.pdf
- ⁴⁶ The term "thinking enlarged" is taken from: Brusis, Martin and Emmanouilidis, Janis A. (eds.) (2002), *Thinking Enlarged. The Accession Countries and the Future of the European Union*, Europa Union Verlag, Bonn.

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