Europeans should not abandon a collective identity

The belief in shared values was not invented in Brussels, or defended before the European court in The Hague, but dates to the 18th century.

This is one of six winning student columns for the Financial Times’ Future of Europe Project, a conversation with the young minds who will inherit Europe about the issues that will shape their future. Last week, our columnists shared their views. This week, the students share theirs.

American movies depict a unique way of life, where everything is possible. In French movies not everything is possible, but at least there is wine and cheese. But how would we recognise (not just in a movie) if there is such a thing as a European way of life?

Lately Europe has been confronted with this very question: how do we identify what is so often emphasised in political speeches — European values and a shared European identity that links the southernmost European town of Ierapetra in Crete with the westernmost Dingle peninsula in County Kerry, Ireland?

Looming Brexit, fierce resistance by eastern European member states to accepting refugees from war-torn Syria and Libya and the emergence of separatist movements such as in Catalonia expose the limits of the idea of a shared European identity.

The four founding freedoms of the EU — free movement of people, goods, capital and labour — though of central importance, lack a powerful unifying vision to unite the citizens of the bloc.

In this distinct moment of crisis these principles are seemingly not enough to appease those who perceive the EU as an exclusively economic project, or those who promote fantasies of renewed nationalist agendas while glossing over Europe’s not-so-distant violent past. Still others claim that “no borders, no nations” would be a good basis on which to get rid of both the EU and its capitalist system.
Those four founding freedoms, which influence national governance, international trade deals and the lives of 510m EU citizens, are not so much the foundation of European identity, but the result of the conviction that there is such a thing as Europe.

This underlying belief was not invented by policymakers in Strasbourg or Brussels, but instead dates back to the 18th century. In 1796 nearly all of Europe was at war with each other. The conservative author and fierce critic of the French Revolution Edmund Burke wrote: “No European can be a complete exile in any part of Europe.”

Burke was writing at a time when Europe was a battlefield of dynastic interests and violent conflicts. Yet the vision of Europe he depicted is so much more radical and expansive than anything even the most ardent pro-Europeans have come up with today. Burke thought that Europe is not a religious, political or historical construct; rather it is a civilisational sensibility, a sense of solidarity or fellow-feeling that links the cheesemonger in County Kerry with the winemaker of Bordeaux.

It is obvious that Europe has done all it can in the intervening 200 years to undermine this shared sensibility, a bone-deep connection that the 20th century nearly put to an end. Still, despite all the terror and tremors, Burke’s vision still resonates. What is perceived outside Europe as endless quarrelling is in fact an expression of a continental itch to deal with difficult issues within a shared framework.

In the 21st century, Burke’s hope has become a shared reality. This is evident in the lengthy debates over the abolition of the death penalty across Europe. San Marino abolished it in 1848, while it was practised in France until 1977. Though long and drawn out, the slow convergence on abolition proves Burke’s point: Europe is strongest when debating topics that matter most to those living or seeking refuge here.

Giving up the four founding freedoms of the EU would make each of its citizens an exile in any part of Europe.

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The EU has had a difficult decade. From financial crises to Brexit to Catalan separatism, Europe seems unable to catch a break. But this is not the end of the EU’s woes. The constant challenges have led to questions about the European project itself: will more states leave and the union disintegrate? Would it be better to jump ship before the EU sinks completely? Or will the UK’s departure finally allow the rest of Europe to rally and unite?

Doubt has been cast over the reasons that led to the formation of the EU in the first place. Questions have been raised about whether the benefits of European co-operation and integration outweigh the costs; if Europe’s states are stronger together and solidarity is preferable to competition; and whether the EU is still a guarantor of peace on a historically divided continent.

The founding consensus led to a Europe where bitter enemies are now the closest of allies, and in which citizens in the Schengen area have the right to live, travel and work freely across 26 different countries. If Europe wants to remain relevant on the global stage, further integration is the only option.

The EU is moving, if slowly, to address this existential crisis. Earlier this year, Jean-Claude Juncker, president of the European Commission, presented five scenarios for the future of the union — ranging from scrapping all EU institutions except the single market, to the unimaginatively titled, “Doing much more together”.

Mr Juncker attempted to reframe the discussion as a way to open the door to future integration rather than simply focusing on the negatives. Yet by presenting the scenarios as equally viable, he legitimised the position of Eurosceptics. And in appealing to the academic elite rather than the general public, Mr Juncker also repeated the same mistake made by mainstream politicians in countless recent elections.

How many blue-collar workers in Spain, Italy or Greece have the time or inclination to read a policy proposal written by a faceless Brussels Eurocrat? How many even know it was published or how to access it? Throughout the west, the alt-right, a loose coalition of rightwing thinkers and activists, has successfully mobilised first-time voters alienated by the establishment. By contrast, centrist conservative parties, social democrats and the EU itself struggle to mobilise their own (frequently disillusioned) supporters.

This is not necessarily a question of politics. The simple truth is that the new right tends to be far better at utilising modern marketing strategies and social media than the political establishment.

Donald Trump is a prime example. Liberals may scoff at his seemingly inane Twitter feed — yet the US president manages to maintain a direct line to his core voters beyond the usual dry presidential statements. When Democrats criticise his tweets, Mr Trump’s supporters see a liberal elite mocking a candidate who has — in spite of his wealth — convinced them that he is one of them, an
Everyman. Both Mr Trump and the UK’s Leave campaign in the run-up to the Brexit referendum relied heavily on emotional arguments and punchy slogans, rather than actual policy plans.

The EU must follow suit. Austere statistics and boring policy papers are not the way to connect with people outside the Brussels bubble. The successful campaigns this year of Emmanuel Macron in France and the Free Democratic party in Germany have shown it is possible to promote centrist policies in a way that is engaging and appealing to the general public.

Structural and political reforms remain crucial, but they must be accompanied by engaging more effectively with the public via social media. In a world of soundbites and fake news, the EU’s message cannot afford to be lost in the noise.

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Tax competition undermines European values of solidarity

The fight to attract inward investment has given corporations too much leeway

Today we should not be asking whether the EU should be preserved or will disintegrate, but rather what kind of EU we want. The Brexit negotiations demonstrate how difficult it is even to imagine going back to the closed economies of the past century. Yet the result of the UK’s referendum on membership of the EU did signal one thing: legitimate fear of unemployment and precarious employment should not be taken lightly. Could it be that the divergent tax systems within the bloc played a role in the outcome?

Last year the European Commission proposed a “pillar of social rights” as a way to tackle the problem of “social dumping” between member states. If the condition of Europe as an engine of social progress is a united EU, then the suggested 20 principles omit an issue that would ensure true unity: tax integration.

In recent decades, member states have been embroiled in a fierce competition for foreign direct investment, undermining the notion of solidarity

The problems caused by divergent tax systems occur not only between states but also within them. There are three main tax areas where EU leaders need to make a bold step forward if they want to restore waning enthusiasm for the EU among their populations and fight growing protectionist movements.

First, existing offshore zones within the EU must be closed. There can be no serious talk about unity, solidarity and European values while the rich are helped to avoid tax.

A second step should be to put an end to the flat corporate and personal income tax rates implemented in almost all eastern European states. In Bulgaria, the income and corporate tax rates are both 10 per cent (the lowest in the EU until Hungary lowered its corporate tax rate from 19 per cent to just 9 per cent at the beginning of 2017).

The idea behind these decisions was to attract FDI. It did not happen. Inward investment rates in Bulgaria plummeted after the financial crisis and have failed to recover to levels comparable to countries with higher tax rates. In the Czech Republic, for example, the standard corporate tax rate is 19 per cent; incomes are taxed at a flat rate of 15 per cent.

Since revenues had to come from somewhere, the only viable “solution” seemed to be to place the burden on consumers. In all eastern European member states, the share of indirect taxes in the total budget is exorbitant. Croatia receives 49.4 per cent of its revenues from VAT and excise tax, while the EU average is only 28 per cent. In mature economies such as France, it is as low as 23.9 per cent.
A final step would be to deal with tax divergence within the states themselves. Under current EU rules, regions with gross domestic product per capita lower than 75 per cent of the EU average are allowed to give tax exemptions to inward investors.

Now it is certainly necessary to have some kind of affirmative action for deprived areas. However, the effect of such schemes tends to be to create precarious jobs with low salaries and scant social protection.

The idea of imposing a common consolidated corporate tax has been circulating in European capitals over the years, with the most fervent opponents being Ireland and the UK. Now that the latter has opted for Brexit, the opportunity now exists to push on with these necessary changes and finally take full advantage of the common market.

With extremist and populist movements on the rise, the time is ripe for more assertive action to spread prosperity to all the EU’s citizens.

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Europe cycles into the digital age

New technology can bring the continental demos into being at last

Imagine the evolution of the EU as a bicycle ride that began 60 years ago, crisscrossing the continent, from the hills of Rome to the Netherlands and from the Côte d’Azur to the Tagus estuary, without a functioning compass or a clear destination.

The ability to adapt to adverse conditions, the evolution of its mechanisms and new parts have kept the bike on the road. However, the fallout from the global financial crash and the ensuing recession, turbulence in the eurozone and the refugee crisis showed that what is required now is not a small-scale tinkering but an overhaul.

Forged in the blast furnace of the French Revolution, nation states have been the main unit of social organisation for the past two centuries in Europe. Nevertheless, it is clear that existing governance structures and wealth creation models are not equipped to meet the needs of a digitally enhanced, globalised world. Here lies the principal challenge facing the EU.

The digital revolution (sometimes called the “fourth industrial revolution”) is upending assumptions about production, employment and education, as well as the way we think and communicate. Yet that revolution also holds out the exciting prospect of a digital demos and the creation of a truly collective European consciousness.

The various interactive contexts of this digital European demos are not restricted by current national borders. They offer the possibility of a form of direct democracy capable of transforming systems of governance. Bypassing geographical restrictions and local politicians, the digital European citizens of the future will benefit from consultation and participation tools such as the e-parliament, e-initiative submissions, e-voting and e-reporting.

There should be a new digital principle of subsidiarity for the EU. This would ensure that decisions are taken as closely as possible to citizens and that constant checks and balances are made to verify that action taken at the EU level makes sense at national, regional and local level.

Digital technology transforms politics because it enables governments to know what citizens are thinking and feeling before decisions are taken. It enables a new kind of connection between the governing and the governed, one that cannot be compared with the current relationship between politicians and citizens. The digital revolution enhances transparency, increases openness, simplifies administration and bureaucracy, and works against corruption, clientelism and elitism.

In short, digital technology can be an antidote to the crisis of credibility and confidence in democratic institutions. It can bridge the divide between the daily lives of citizens and the way in which politics is carried out. This is vitally important: at present, large minorities in Europe, especially younger generations, no longer see democracy as a good system of governance.
Demands for reforms of the institutional architecture of the EU and the eurozone will derive greater legitimacy from the active involvement of citizens. This can also be a decisive factor in combating the rise of extreme nationalism and populism.

After decades of the European bicycle meandering east and west of the Rhine, the push ahead comes from an unexpected quarter: Estonia, a pioneer of the new economy and a crucible for start-ups, has held electronic votes for several local and national elections since 2005, with no reports of violations.

In the new digital world, all countries and societies have the opportunity to move centre stage and play a vital role in the evolution of the EU and in reshaping the European idea.

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Grassroots support will ensure European integration succeeds

The EU would counter Euroscepticism by appealing directly to its 500m citizens

The project of European integration was forged on the basis of closer economic and political cooperation of member states.

Over the long term, however, there is little chance for the eurozone to survive without transforming itself into a currency union. For this to happen, further economic integration is needed. The EU must create a budgetary union with a European monetary fund and appoint a designated finance minister, as set out by Jean-Claude Juncker, president of the European Commission, in his State of the Union speech. Without these steps, the eurozone and the EU will remain feeble, fundamentally unable to cope with potential financial crises and the various economic strengths and weaknesses of its different member states.

As clear as the economic argument is for an ever closer union, it has proved difficult to communicate the need for more integration to the general public. I grew up in Hungary, spent six years in the UK and I am currently studying in Poland, an experience that has allowed me to observe first hand those countries recently deemed to be the most troublesome from the perspective of further European integration. Despite these countries benefiting from different aspects of EU membership, growing Euroscepticism can be observed in all three, driving them away from the core objectives of the union or, in the case of the UK, out of the EU altogether.

Common to rising Euroscepticism in Britain, Hungary and Poland are domestic populist movements and parties that have created successful anti-EU narratives, harking back to nationalist symbols and myths, and discarding statistics and rational thinking from debates and discussions.

Both Fidesz in Hungary and the Law and Justice party in Poland are deeply embedded in rightwing civil society: organising marches, speeches and public discussions, and forging a sense of common purpose among their voters — in which a deep streak of Euroscepticism is actively encouraged.

In contrast, the EU has no counter-narrative. So far, it has failed to devise its own set of meaningful and inclusive symbols and myths, with which European citizens can identify. The union offers no coherent European identity; it does not form part of domestic civil society and is too far removed from how its citizens actually think.

During my political science degree, I enrolled in a course called EU institutions and decision-making processes. The fact that this course is taught at an MA level and not in primary and secondary schools in every EU member state shows the current level of detachment of the union from its citizens, most of whom remain unaware as to how European institutions work.

Without overwhelming grassroots support from the public, there can be no deeper economic or political integration across Europe. The imposition of grand projects from the governing elite might
survive in the short term, but ultimately they will lead to cultural backlashes, manifesting in potential Brexit-like scenarios in other member states.

The EU needs to make its working procedures more transparent and its processes easier to understand, while doing a better job at explaining both to its citizens. There is an urgent need for increased participation at the grassroots level, helping to strengthen a common sense of European identity.

We need to create an environment receptive to further European integration. My own experiences have shown me, too clearly at times, that the EU has done little in this respect, allowing a significant rise in Euroscepticism in Hungary, Poland and the UK, and, to a lesser extent, in other member states.

The EU must develop a successful counter-narrative to Eurosceptic nationalist movements and parties, while also better educating and involving its citizens. Only this will allow for a proper discussion on how to successfully achieve further integration.

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Germany's place at the centre of the EU cannot hold

Calling Berlin a leader is a misnomer as the country lacks both hard and soft power

Before talking about Germany's role in Europe we must first determine the pillars on which a strong and lasting leadership is built. Economic strength is essential, but alone it is not enough for a state to extend its sphere of influence.

Germany may be Europe's economic engine, but the country lacks both hard and soft power, the cornerstones of true leadership. The 20th century would not have been the American Century if the US hadn’t increased its military presence and exported its way of life worldwide.

This is why calling Germany a leader is a misnomer. The burdensome legacy of National Socialism, and the legitimate concerns of other European countries, prevented Germany from rebuilding a powerful army after the second world war. During the following decades, anti-militarism took root in West German institutions and in public opinion.

Even so, West Germany was considered Europe’s shield against the Soviet Union: the armed forces amounted to 1.25m including reservists and the country housed a larger number of US troops than any other Nato member in Europe. The Bundeswehr’s strength was only due to the presence of the communist threat and, when the Soviet Union collapsed, Germany’s army began to crumble as well.

Following reunification in the early 1990s, Germany’s military expenditure started to decrease and the armed forces were drastically reduced. This trend went on until last February, when defence minister Ursula von der Leyen called for a surge of troops to face the most serious threats to national and European security, such as Isis, Russia’s growing aggressiveness and human trafficking.

Why this change? Maybe Donald Trump’s statements have played a crucial role: the US president has been very critical about the small contribution, in terms of military spending, offered by Germany to the Atlantic Alliance.

German chancellor Angela Merkel and Ms von der Leyen responded to these accusations by saying that Germany is investing in a modern form of security, as important as the traditional one, including development aid and diplomacy.

But, shortly afterwards, Ms Merkel stressed her country was committed to reaching Nato’s agreed 2 per cent of gross domestic product on military spending. Perhaps Mr Trump’s tweets were not in vain.

Another factor unites the most powerful countries in the world and which Germany still lacks: a nuclear arsenal. After Brexit, France will be the only remaining nuclear power in continental Europe, which makes it the aspiring leader in the field of hard power.

Military strength, however, is not the only basis of leadership: trust is just as important.
How is Germany viewed from abroad? According to research conducted by the Pew Research Center, the majority of people in Spain, Greece, Italy and Poland feel that Germany has too much power over EU decisions.

It is no accident that the first three are part of Mediterranean Europe: the economic downturn in 2008-09 and, most of all, the debt crisis have portrayed a negative image of Germany in southern Europe, undermining its aspirations for leadership.

At present, Germany can set an example for Europe in terms of economics, trade and government finance, but nothing more: it does not have a clear long-term vision nor the credibility necessary to develop one that could be shared by most of its EU partners.

If the European countries followed the German political direction, the entire EU could weaken. In a world in which hard power, nuclear deterrence, soft power and ideology still matter, it would be foolish to be led by a country that does not excel in any of these fields.

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