



Global shifts – a chance for Europe! Reflections on a future strategy for Europe in the world

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Policy Recommendations

1. Geopolitical change increasingly requires Europe to search for genuine European approaches in foreign policy and defence, pushing Europe to become more assertive and unified in the world.
2. Major global disruptions, such as the COVID-19 pandemic and climate change, cannot be addressed by “more of the same” but require non-linear action. Europe needs political and economic innovation and bold new thinking, putting into question some existing paradigms.
3. Such innovative socio-economic European model would reconsider the degree of globalisation of business and centralisation of technical systems, explore ways to increase regional and local autonomy and the value of networked approaches, and most importantly render economics more human again, by balancing principles of growth and profit maximisation with other considerations, be they environmental or social.

Abstract

The “America First” doctrine during the presidency of Donald Trump disrupted a long-standing alignment of American and European political thought and economic action. Before that, the United States (US), dominated by neoliberal thinking, had inspired political discourse in Europe for the past 30 years, thus limiting the political space to design its own solutions. This perceived rift has given Europe more space to develop its own vision and to become an increasingly independent global actor.

Of course, this does not mean that Europe can approach global challenges alone. It will continue to form alliances with the US and like-minded countries on topics of common interest, be it on international corporate taxation, climate change or security issues, but with a more strategic approach, conscious of its

own interests and values.

At the same time, fundamental systemic challenges, such as COVID-19, digitalisation and demographic change, and most importantly climate change are pushing Europe to seek a more genuine European path and to explore new ways in a non-linear fashion. The COVID-19 crisis confronted us with major disruptions and made us experience the limitation of our existing socio-economic systems. While we may not yet have a blueprint for the future this paper explores some ideas how to go beyond the linear to better prepare for future disruptions, such as climate change. In particular, Europe needs to develop innovative socio-economic, environmental and political answers while strengthening its resilience.

* DISCLAIMER: The information and views set out in this article are solely those of the author and do not necessarily reflect the official opinion of the European Commission.



Global shifts – a chance for Europe!

Reflections on a future strategy for Europe in the world

1. US disengagement – an opportunity or a threat?

Donald Trump had aligned foreign policy and international relations of the United States (US) under the slogan “America First”, concentrating on a limited number of key projects¹. Favouring more impulsive and unpredictable political action and widely ignoring global challenges like COVID-19 or climate change, Trump offended many allies with his “America First” doctrine. While President Joe Biden’s approach is more conciliatory and multilateral, for instance when organising a Summit on Democracy aimed at strengthening the self-assurance of the “West” and offering a successful counter model to authoritarian regimes, he remains nevertheless distanced from Europe and equally focused on US interest, as demonstrated lately in Afghanistan. In the US, trying to mend the domestic rift between Democrats and Republicans absorbs a lot of attention and energy. Internationally, Biden tries to reorient American foreign policy towards the “important” issues and players as he sees it, especially around Asia and China. Attention to Europe and the Middle East is rather by default than by design. It is true that the Russia-Ukraine war at least temporarily re-establishes the transatlantic axis, reinforcing the ties between the EU and the US on a wide range of security and policy priorities, as well as with NATO. However, in the long-term it remains to be seen whether this will lead to a lasting shift of US foreign policy attention.

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¹) For instance, constructing a wall on the Mexican border or openly confronting China.

In any case, Europe’s perception of US policy has suffered greatly under Trump. With his approach towards truth and democracy and especially after the right-wing storm on the Capitol, America’s attractiveness as a reference for democracy and governance took a hard hit.

In the long-term, it called into question the US model as a sole and attractive reference. After the breakdown of Communism, much of economic thinking consisted of variations of US inspired free-market capitalism as the winning formula across the world. Under US hegemony, these paradigmatic assumptions were shared around the globe by the political, economic and intellectual elites and ultimately paved the way for globalisation. While globalisation has led to unprecedented economic growth, it has also increased inequality at a scale unseen to date, with little responsibility towards the losers of globalisation and the planet as such. Globalisation has left its deep mark on European society with European countries’ “real politics” increasingly evolving beyond their long-time political culture and socio-economic model. Free trade, globally integrated value chains, increasing social gaps and ever-growing consumption were the result of disequilibria in factor conditions also in Europe. **Due to the recent policy developments in the US described before, this is now changing. The “American model” which was a reference for the 20th century seems to have lost its appeal for the 21st century.**

Biden’s withdrawal from Afghanistan not only confirmed the US approach to go it alone but also its readiness to leave allies eventually behind. The way AUKUS² was set up confirmed such a sentiment.

²) France and Australia had signed a substantial defense deal in 2016 that was dismantled by setting up AUKUS, a security pact between Australia the UK and the US. All four countries are members of NATO.



Failed nation building in Afghanistan further weakened the appeal of the US foreign policy. All this has wide-reaching consequences beyond the immediate policy impact, also for Europe.

In the short-term, it resulted in concrete action undertaken at several levels:

- First, **member states of the European Union (EU) increased spending for the North Atlantic Treaty Organization (NATO) and for security and defence** in general, including cyber security. Over time, stronger common European defence capabilities might even help to strengthen the European identity of citizens. While it has been a challenge for decades to make Europeans and their governments readily accept deeper European cooperation and engagement in the fields of security and defence for decades, the current Russia-Ukraine war has radically changed such long-held convictions.
- Second, despite US pressure, **the EU diversified its relations and engaged on a Comprehensive Agreement on Investment (CAI) with China.** The EU has a rather complex relationship with China, who is considered at the same time a negotiation and cooperation partner, an economic competitor and a systemic rival. This asks for a constant rebalancing of the relationship.
- Third, **Europe seeks to develop more economic independence.** COVID-19 has exposed both the vulnerability of value chains as well as their strategic risk related to key products. This concerned during the pandemic issues like the production of face masks but also vaccines and medication. At the same time production systems, relying on just in time delivery, exposed their limited resilience to asymmetric shocks caused for instance through natural disasters. The current conflict with Russia underpins the importance of a stronger independence, especially in the field

of energy but also in other vital areas, such as food supply and agriculture. Resilience starts to become a key quest.

- Fourth, **European Foreign policy moved towards strategic autonomy.** While remaining a concept still to be developed in more detail, it signals the will of the EU member states and institutions to carve out a strategic role in foreign policy beyond a merely transatlantic orientation. EU institutions and member states increasingly search for a shared vision about the EU's political, economic and technological global position based on values and interest. This will allow forging variable partnerships and navigating an increasingly bi- and multipolar world. For the EU having a clear understanding of its values and vision, and constantly balancing them in view of a changing reality is a prerequisite for a stronger role in the world. Again, the Russia-Ukraine war is a game changer in this respect.

“The American dream, which inspired the European political post-war discourse, is shaken strongly and the US political two-party system seems paralysed.”

Looking around globally, there are currently no real positive system references. The American dream, which inspired the European political post-war discourse, is shaken strongly and the US political two-party system seems paralysed. Japan, the reference of the 1980s, has never recovered from its great economic and political crisis. China's economic and political path combining growth with heavy control through a central authoritarian regime is not inviting, even though China seems to have mastered the COVID-19 challenge more effectively with little economic loss. Russia is militarily strong with a crucial nuclear arsenal and remains an important neighbour in Europe, but with a high degree of inequality of its population, prevailing corruption, and an aggressive authoritarian regime. Sanctions imposed in the context of its current war are likely to



cripple its economy for a long time to come and to further exacerbate all the other characteristics. The major forces in South America, Argentina and Brazil continue to face economic and social woes. The African continent generally does not progress and remains marred by conflicts, corruption, poverty and famine triggering among others migration. **The lack of attractive international references should encourage Europe to further define its own genuine path.**

“The COVID-19 crisis underscored the need for economic, social and technological change to become more resilient.”

One can argue that US disengagement under Trump has been an opportunity rather than a threat. It provides Europe more space to start developing its own socio-economic reference model. The COVID-19 crisis underscored the need for economic, social and technological change to become more resilient. The EU (green) climate and digital orientation reflects this. The so-called twin transition, digital and green, orients policies at EU but also at member states' level. Looking at its history Europe has many inspiring references to develop the European model more forcefully, resilient and distinct of others, but all these can only be a starting point for reflection as they were suitable answers to historic challenges.

2. Linear is not an option any longer – learning from COVID-19 will prepare us for the future

COVID-19 has led to deep disruptions across the world and radically called into question long-held beliefs and habits at all levels. It also exposed the limits of short-termism in politics to address long-term complex challenges.

The crisis showed the limits of globalisation, just-in-time delivery and of certain social behaviour. Global supply chains, manufacturing concentrated in few countries and in singular large operations – as efficient as they were before –

turned into critical bottlenecks. Items like medical facemasks could suddenly become valuable but so could the availability of containers, raw materials, microchips, and semi-finished products. In the long-term unsustainable production and consumption models which have spread across the world are now under review. Politics and business identify critical industries and sectors; reflect on regional and local stock keeping and on reviewing just-in-time production. Different concepts like re-shoring, re-industrialisation, keeping strategic reserves, and defining strategic investments (for instance to ban foreign investment in critical infrastructure in particular for Chinese enterprises) have emerged.

“This allowed us to experience positive and negative aspects of digitalisation, including the wealth divide and grossly asymmetrical opportunities and challenges in our societies.”

With mobility severely constrained due to COVID-19, an unprecedented move towards digital took place which changed the way in which we interact as a society. Home office became the norm during the pandemic, wherever possible work was carried out virtually and business travel was replaced by on-line conferences. This allowed us to experience positive and negative aspects of digitalisation, including the wealth divide and grossly asymmetrical opportunities and challenges in our societies. Availability of space, digital equipment and of caring obligations increased important social differentiation. While having the opportunity to work from home was generally an advantage, it could turn into a nightmare with small children, limited space and home schooling.

“The degree of individual freedom we have learned to enjoy can only continue in the future when coupled with a heightened sense of responsibility.”

At the same time, the pandemic created a laboratory to observe not only negative but also positive effects. Social interaction became a focus again. Suddenly well-being and caring



for each other became major important issues to replace partially individualism and consumption. International mobility and living across borders and continents have reduced over time the sense of being embedded locally and belonging to a local community. At the same time, freedom took prevalence over individual self-constraint, including for business and political leaders. In the build up to the last financial crisis, we could observe greed and profit maximisation of a few at the expense of society at large, reaching a new peak. Corporate social responsibility and other countermeasures developed after the 2008 financial crisis hardly balanced this. COVID-19 provides a training ground to increase personal responsibility. The degree of individual freedom we have learned to enjoy can only continue in the future when coupled with a heightened sense of responsibility.

Overall, the COVID-19 crisis clearly made us aware that linear solutions do not work any longer, when faced with fundamental disruptive and systemic shocks. Resilience is now a goal on the political agenda. For the sake of this paper, I would like to define resilience simply as the capacity to confront successfully asymmetric shocks in a way that systems learn and become stronger. We need to expect in the future much more often unannounced global systemic shocks, besides regional and local ones. These events pose challenges to humanity and they will require “non-linear” solutions. The experiences gained during the COVID-19 crisis may enrich policy options for the future and help to strengthen systems to confront more successfully other long-term and complex challenges like climate change, environmental degradation and digitalisation.

“However, COVID-19 has also demonstrated how radically humanity can adapt.”

Climate change and global warming are increasingly starting to show with unusual weather patterns. The US but also Europe has been particularly exposed 2020 and 2021. Less

rain and snow but stronger and more devastating storms and flooding combined with droughts and widespread fires call for bold action. Changes in weather pattern hit agriculture particularly strong, but can also disrupt transport patterns and electricity, the lifeblood of our society. Combined with a continued strong global population growth these factors would not allow continuing with global production and consumption pattern in a linear fashion. Agricultural production might hardly be sufficient to supply all in abundance. These issues link also to migration and security at large with very complex global root courses that need to be addressed. One can expect even more devastating local and regional disruption. However, COVID-19 has also demonstrated how radically humanity can adapt.

In addition, the socio-economic sphere requires bold and non-linear action. During the last decades, an increasing share of the economic activity in the financial sector became decoupled from the real economy. Liquid capital markets can finance and speed up technological and digital progress. This includes large-scale automation, also in the form of Artificial Intelligence. While long-term effects are hard to predict the current work force might be partially replaced by automation, making it a more difficult to generate enough income for all citizens. Ways of taxation and the attribution of social rights and obligations will need to be adapted to the new realities beyond the current efforts. Early and bold action could contribute to the resilience of the European social system. This could include searching more determined to close traditional loopholes in taxation, considering adequate ways of taxing digitally created value added and global activity of corporations at sufficient level. While various fragmented and sometimes limited initiatives are already ongoing in the EU and globally, more of grand thinking and less tinkering are needed to address effectively the root causes.

Fundamental technological disruption is about to radically change how we work and how we live. COVID-19 and especially



working from home demonstrated the potential of digitalisation and hinted at the potential speed of its adoption. While opinions diverge on how rapidly what part of the work force might be replaced it seems certain that changes in the actual work place will also require those staying in employment to fundamentally readapt their skill set. This is even more so the case for those who lose their jobs. Reskilling and upskilling will have to take centre place during the years to come. Not only in the work place but also in society adaptation will cause intensified adult learning requirements. Finally, schools need to prepare children adequately for this reality. At least a major disruption of the world of work lies ahead and this will also have an impact on how we make a living and how we master life. A daring and adequate policy framework could ease social acceptance of such a change.

“COVID-19 could become an important catalyst for deep change.”

These challenges provide at the same time opportunities, but in order to use them we have to challenge several paradigms. One is that globalisation dictates politics, leaving practically no space for innovative political action; another is the myth of the auto-regulatory capacity of markets; or the need for ever-increasing growth, as well as the importance of size and of economies of scale. Finally, and most importantly, is the need to regain the notion of individual responsibility towards others and society that was weakened or got lost during the last decades. This could provide an opportunity to re-establish orientation for and engagement of the individual. COVID-19 could become an important catalyst for deep change. What does this all mean for Europe?

3. Europe is facing major challenges – it needs political and economic innovation and genuinely new thinking

Europe needs to go beyond the linear, too. Traditional policies and established economic, social or political action cannot

address fully the enormous global challenges outlined. The EU has embarked on the twin (digital and green) transition but to fully catch up with reality, Europe needs to start looking more intensively for its own ways and models creating spaces for more fundamental innovation. This could mean also accelerating already initiated processes.

Lack of clear and easily communicable vision, lack of committed leadership: Analysing European politics shows that the parties traditionally in power, whether from the left or from the right, continued to apply the same well-known remedies to today's rapid and ever-increasing challenging change. Generally, European politics both at national and at EU level has been characterised by a lack of daring imagination and a compelling vision commensurate to today's and tomorrow's challenges. This contributed to the population increasingly losing trust in politics and in the political and economic elites. Voters consider political and economic leaders lacking capability or interest to solving their pressing problems (jobs, health care, global warming, pensions, migrants, and digitalisation). Such sentiments risk being exploited by extremist parties. COVID-19 provided an opportunity to reengage through sound and forward-looking reconstruction and resilience funding combined with efforts like the Conference of the Future. However, in a fundamentally and increasingly rapid changing environment core European achievements may only be kept through radically adapting a majority of the systems we live in.

“The Russia-Ukraine war, and Europe's decisive and united front towards Russia is a good illustration how quickly long-held positions can change and increase unity towards joint action.”

Incomplete information through media and politics risks further increasing scepticism of the EU. Years of negative propaganda by many national politicians combined with ever more concentrating media interests fuelled a biased perception of Europeans towards the European



project as it is and of its future. Digitalisation facilitates living in self-reinforcing bubbles of public opinion. Many efforts at all level of governance and education try to address this phenomenon. EU institutions, unfamiliar to many, are seen as detached and distant from peoples' real concerns, in contrast to an allegedly safer and more familiar space at national level. Conflicts may arise. Global warming is a game changer, as events do not stop at national borders nor can they be controlled by humans. Swift and forceful human action might reduce speed and impact but cannot eradicate the root course any longer. More and bigger natural disaster are expected to directly affect increasing numbers of Europeans. Resilience requires therefore action on local, regional and national but also on EU level with a potential uniting effect. The Russia-Ukraine war, and Europe's decisive and united front towards Russia is a good illustration how quickly long-held positions can change and increase unity towards joint action. This needs to be translated into a long-term and systemic approach.

4. A way forward – key ingredients for an innovative European model

Beyond the need for a radically improved security architecture, these are some thoughts, sometimes far-reaching, of how such a European way forward could look like in the socio-economic spheres.

Resilience as a concept has suddenly gained importance. COVID-19 has shown how fragile economic and social systems are, ranging from health systems and care for the elderly to global supply chains and just-in-time production. While globalisation provides many advantages taken to the extreme it can become even a threat. Resilience is also important in view of climate change adaptation and mitigation as the frequency and magnitude of non-linear events is likely to further increase in the future. It is linked to smaller, more manageable and probably regional as well as interconnected networked systems. Measures could include keeping food production closer to consumption, assuring work for a local work force,

reducing just-in-time processes by increasing intermediate stocks or using new technologies like 3D printing as an alternative to mass production. Since concepts and beliefs like circular economy are more popular in Europe, than elsewhere they may help to shape the future here more forcefully.

“The social economy movement that puts a positive impact on society over business profits is a prominent example.”

The principles of what Europe really stands for should be at the core of the reflections. What could be key ingredients of a social and economic model to emerge for Europe? As a minimum, it appears important to render economics more human again and balance principles of growth and profit maximisation with other considerations, be they environmental or social. This is not entirely new. There is a long tradition in Europe that had partly been side-lined by the dominance of “neoliberalism”. However, in parallel to the established socio-economic model and largely unnoticed by the mainstream, a myriad of new forms of economic and social actions have emerged over the past years who could contribute to a real quest for innovation and development. The social economy movement that puts a positive impact on society over business profits is a prominent example.

Are there signposts from the past? Social partnership had an important historic role in Austria, Germany but also in the Netherlands, Denmark and other countries. Ludwig Erhard, [*chancellor of West Germany*](#) from 1963 until 1966, created the vision of a “[social market system](#)” one precondition for the German “economic miracle” after the Second World War. Being based on sharing profits and economic gains more widely (for instance through structural social dialogue leading to salary and wage increases) allowed it to invest in society (especially into health, education and public infrastructure). It would need to be adapted to today s requirements: environmental sustainability would be central and the need to embed economic and societal well-being in a global context.



The Nordic Model of Scandinavian countries is another source of inspiration. It includes a combination of [free market philosophy](#) with a comprehensive [welfare state](#) and [collective bargaining](#) at the national level and it is built on trust. Other characteristics are: enhancing individual autonomy and promoting [social mobility](#); a [corporatist](#) system with negotiated wages; widespread [private ownership](#), free markets and [free trade](#). These are models based on a central role of social dialogue and bargaining, mutual consideration and trust put in a longer time horizon. The World Happiness Report³ repeatedly identified the happiest nations to be concentrated in Northern Europe.

“At the same time, social guarantees and access to affordable healthcare remain a central feature of the social contract.”

Adapting social security remains a key challenge. Social security built around stable jobs for most bridges limited and short periods of unemployment and of personal crisis of a limited part of the population. The underlying principle ensures that most or all people will always have their livelihood ensured during their lifetime. Future employees may be less often long time employed if at all and thus their economic participation might be much more fragmented. This requires a new model to keep the above made promise, a sort of minimum income at all times. Digitalisation and technological change could generate a dominant share of economic output with less or little human work involvement while individuals might need to engage in a variety of jobs or activities (like mini online service contracts, social work, subsistence farming or combining various different kind of activities in an uncertain pattern). At the same time, social guarantees and access to affordable healthcare remain a central feature of the social contract. In this

3) Sustainable Development Solutions Network, [The World Happiness Report 2021](#).

context, the EU Porto Social Summit⁴ was a step towards a better-defined social vision of Europe.

The new is already growing and becomes visible. A myriad of innovative business and social activity models is emerging in a variety of EU countries. These are often small and local initiatives that seek to construct a different kind of economy or even society. The 2008 financial crisis had caused a sharp rise in unemployment in some European countries. Social need has driven the expansion of new initiatives in deprived areas and more depressed regions, which had to look for alternatives out of necessity. COVID-19 gave an additional push.

The concept of “Sharing economy, social economy and social business” is such a phenomenon. Many of these initiatives have in common a different approach to profit maximisation, sharing profits and distributing wealth by reinvesting into communities and collaborative working methods. They have a strong appeal to young people. The cooperative movement or micro credits, business creation platforms and networks are seeing a new founding spree.

These initiatives have reached scale. There are 2.8 million social economy enterprises in the EU⁵, representing 10% of all businesses in the EU. About 13.6 million people – 6.2% of the EU’s employees – work for social economy enterprises⁶. They have different legal forms and various objectives ranging from agriculture, renewable energy, the provision of social services, employment creation and sheltered workshops to alternative banking. Up to a quarter of all new business in Europe is created along these

4) [Porto Social Summit - Consilium \(europa.eu\)](#).

5) [Social economy in the EU \(europa.eu\)](#).

6) Commission Staff Working Document accompanying Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Building an economy that works for people: an [Action Plan on Social Economy](#), 9.12.2021.



lines and operates successfully, especially among the youth.

“Reducing obsolescence and slowing down product cycles could at the same time ease the pressure on individuals to keep up consumption and strive for ever-higher earnings.”

Promoting a green and circular economy has also gained ground in recent years with an impact at local level. The need to generate economic growth and to keep continuously increasing company profit led to ever more rapidly evolving product cycles. Planned obsolescence artificially restricted the actual utilisation time of products. Companies' approach “to replace instead of repair” has increased consumption but also created unnecessary waste. In a climate change paradigm, we cannot afford such waste of natural resources much longer. Response was creating local repair circles, limiting waste and making products accessible to disadvantaged groups again. Reducing obsolescence and slowing down product cycles could at the same time ease the pressure on individuals to keep up consumption and strive for ever-higher earnings. If this is based on voluntary constraint, it would not be perceived as negative wealth effect; a way of rendering limited economic growth acceptable to people and increasing overall system resilience. This is also true for energy security, moving away from fossil fuel dependency, through increased local and regional clean energy production.

Another potential driver is technical progress, in particular in manufacturing. The so-called fourth industrial and/or digital revolution puts artificial intelligence and robotics at the centre of attention. More digitisation combined with robotics could substitute centralised mass manufacturing with more decentralised and customised manufacturing. 3D printing or additive manufacturing allows reorganising production, ultimately replacing high volume production patterns in globally spread locations by a regional and

eventually evening local, smaller-scale production. New industrial robots could have a similar effect, allowing for production again in Europe and its neighbouring regions in the in the South.

“Already now, property prices and rents in many cities keep increasing faster than salaries.”

Today digital access reinforces flexibility and adaptability; tomorrow virtual reality and artificial intelligence may blur boundaries between cities and their surroundings. New technologies provide access to knowledge, education and leisure from everywhere. As these social goods may increasingly become available beyond city boundaries people could choose more freely where they want to live. While in the past, the trend was to migrate to the cities, for reasons such as proximity to the workplace and availability of infrastructure and education, new technologies could reinforce moving back to the countryside. Already now, property prices and rents in many cities keep increasing faster than salaries. Ever more people have to commute hours within or into a megalopolis like, London or Paris. Changed working practices and living experience during COVID-19 may have unleashed imagination on future work and social life as well as city countryside balancing⁷.

Resilience is a chance for re-industrialising Europe. Preparing for potential shocks to come combined with experiences during COVID-19 could provide a real opportunity for Europe. Partially replacing an increasingly centralised and thus by definition standardised and less flexible system by a more regionalised, more socially and economically but also environmentally adaptive system which is less dependent on economies of scale and mass production might strengthen Europe's industrial base. This approach would naturally favour

7) In Nordic countries cities have known outward migration to the areas surrounding these cities, compare roundtable on Post-COVID-19 settlement patterns across urban and rural areas in Sweden, May 20, 2021.



small and medium-sized enterprises (SMEs) and company networks over larger corporates. SMEs are already the backbone of European economies and account for the largest share of employment. They are generally more innovative and adaptive if supported by adequate ecosystems, including strong capacities for re-skilling and upskilling. Further increasing the number of small companies should mean more jobs and might allow Europe to generate more flexible structures of manufacturing and of work.

“Modern European society could be imagined living both in human metropolitan and in liveable rural areas also inspired by the Bauhaus project.”

Decentralised regional and local manufacturing could create work outside and inside the current metropolitan areas. Different working and living patterns combined with adapted city and regional planning could dramatically reduce current transport needs, contributing to substantially reducing global warming whilst potentially increasing happiness of us all by leaving room for further social and economic innovation. Modern European society could be imagined living both in human metropolitan and in liveable rural areas also inspired by the Bauhaus project⁸. Widespread working from home during COVID-19 showed the potential of this.

Agriculture needs to become more resilient. Consumers in several European countries increasingly change their consumption patterns including for agricultural products. Bio has become a growing trend. In many countries, consumers want to know the origin of what they eat/drink. Some shops as well as restaurants start informing about the origin of products. The percentage of the European population willing to pay higher prices for biological products and food is still

8) [New European Bauhaus](#) is a creative and interdisciplinary initiative that connects the European Green Deal to our living spaces and experiences.

limited but it might grow. Ensuring enough food for Europe will need a variety of approaches including more biological as well as innovative technological ones. This would allow for a larger variety of food production while increasing the local content also a potential hedge against sudden weather changes or disruptions due to conflicts. Current regulation being strongly oriented towards global food production might need to become more flexible again to facilitate local farming and food production for local and regional consumption. Increasing the quality food and reducing waste could help strengthening sustainability of the food chain. Farming comes also back into the city through vertical farming, urban gardening and other innovations.

The change and innovation are not possible without adapting education systems. The digital and green transition and increased individual resilience require additional competences, skills and attitudes. The intensity of continuous learning is likely to increase. Thus, the whole education cycle from early childhood education and care to higher education and adult learning needs to be reviewed and if necessary adapted. Upskilling and reskilling will also intensify in the near future. This requires eventually a more extensive and different offer. All this poses a challenge to institutions, teachers and learners.

Therefore, a stronger orientation towards local and regional including networked solutions could be part of a European response. However, this should happen within a global context. An important consideration is whether globalisation and global just-in-time operations, key concepts during the last decades ensuring continuous growth, can still be linearly projected into the future. A partial decoupling from globalisation could be an alternative. COVID-19 is a facilitator for this. There is by no means an end of global trade and production. However, it needs to be better adapted to support the global climate change agenda and paradigm. One approach would be to divert to global if regional is not feasible, based on assessing what could better be supplied locally and what is



best provided internationally. Would such a bottom-up approach using subsidiarity principles ensure greater sustainability that is socially accepted? In any case, recent trends show that globalisation in trade is in decline and national protectionism on the rise⁹. The future may take the form of increased localisation and regionalisation within a global context.

Regionalisation is not necessarily limited to Europe; it can be a wider concept. Some economic global players already organise their business around major industrial areas, such as Asia Pacific, the Americas and so on. Several large countries like China engage in comparable moves by aiming to reduce imports of various industrial goods through local innovation and building their own manufacturing base by 2025. If China, for instance, becomes less attractive for European investment why should encouraging European production in its neighbourhood, for instance in North Africa, not be a good alternative from a European perspective?

“To start with, investment in education and training would need to be substantially increased, not only in quantity but also in quality.”

Why should Europe not promote and develop the fourth Industrial Revolution and innovative concepts more intensively around the Mediterranean Sea. European Southern urgently need jobs and development. SMEs all over Europe could be encouraged to invest rather in these regions and in North Africa instead of faraway Asia. Industrial alliances across the Mediterranean in line with European environmental and social standards could lead to a re-shoring and near shoring of value chains while reducing transport costs. Of course, there remain many challenges, like a weak business climate and governance, different education and cultural factors,

which need to be overcome in order to gain a new social, economic and political stability. To start with, investment in education and training would need to be substantially increased, not only in quantity but also in quality.

The risks of such an approach are numerous but so are the risks of non-action. Europe shares the Mediterranean Sea with North African countries and the Middle East. The Arab Spring has swept away autocratic regimes but most are back in the meantime and more oppressive than before. With the increasing numbers of refugees, security issues and addressing the root causes of migration and radicalisation have moved to the top of the agenda. This means increasing attention needs to be devoted to improving living conditions in the countries of origin and transit, particularly on the African continent. Otherwise, and increasingly in the context of climate change but also man-made conflicts such as the Russia-Ukraine war, Europe risks being confronted with continued political and social-economic instability and waves of massive migration across EU external borders.

Elements exist already at EU level but more needs to be done by countries, and across economic and political actors. The historically fragmented approach towards development and security turned into a more comprehensive fashion. The EU promotes the twin green and digital transition. In this context, the ‘Fit for 55+ package’¹⁰ is an important driver for innovation and the EU Resilience and Recovery Facility supports member states in their efforts. The EU has developed policies to stabilise the economic and social situation in the Maghreb and Mashrek, and is promoting investment both in North Africa and in Africa as a whole, by setting up an investment fund. However, this might not yield sufficiently rapid and tangible results for the population. Exporting resilience to our neighbours

9) The Tide Turns? Trade, Protectionism, and Slowing Global Growth, Beyond Trade War in Washington.

10) It revises climate and energy laws in a very ambitious fashion aiming to align key EU policies with a new 55 percent reduction of net-emissions by 2030.



might involve favouring innovative local solutions and employment creation. Mobilising economic actors for production around the idea of “small is beautiful”, creating medium and small-scale actions of high quality and local value added might be promising.

5. Conclusions

American political disengagement has created opportunities and risks for Europe and the EU. Rapid change and close to insurmountable challenges like climate change, conflicts, global demographics combined with sudden technological development and the rise of China require adequate answers that lie beyond the habitual technocratic linear approach. Europe cannot rely only on US stewardship any more. A transformative forward-looking and communicable vision, developed through a comprehensive European dialogue could help shaping a “new grand European concept”, combining ambitious economic, environmental and social development domestically with a truly assertive cooperation both with the neighbouring regions and beyond.

A new and more engaged dialogue at all levels can generate the necessary ideas and adequate policies for Europe’s challenges. In particular, the experience gained with COVID-19 can fuel imagination. While the dual, green and digital, transition provides a general orientation, the necessary detailed implementation requires a bottom-up process that goes beyond traditional political lines and requires a neutral platform.

The key actors of such a platform or dialogue still have to emerge. Most likely it should involve a combination of academics centered in universities and think tanks, public fora animated by civil society, but also traditional stakeholders like social partners and political parties. In order to reach out and to involve in particular the young this requires the use of social media in an engaging fashion. The Conference on the Future of Europe is a good start for civil society. At the end, a majority of European citizens need to be reengaged on the one hand to support the EU,

based on broadly shared values and on the other hand to engage on this quest for innovative solutions and adequately adapted or new ways.

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About ÖGfE

The Austrian Society for European Politics (Österreichische Gesellschaft für Europapolitik, ÖGfE) is a non-governmental and non-partisan platform mainly constituted by the Austrian Social Partners. We inform about European integration and stand for open dialogue about topical issues of European politics and policies and their relevance for Austria. ÖGfE has long-standing experience in promoting European debate and acts as a catalyst for disseminating information on European affairs.

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