

Reaching out

Pierre Moscovici reflects on the future of the European Union during a Bridge Forum meeting

By Gaston Moonen



Source: Bridge Forum Dialogue

On 22 March 2022, the Bridge Forum Dialogue organised, in cooperation with the ECA, a conference on the future of the European Union, a much-debated topic in general and even more so with the Russian invasion of Ukraine. With the French EU Presidency in mind, the organisers invited Pierre Moscovici, First President of France's Cour des comptes, to give his perspectives on this topic, building on his wide experience as an EU Commissioner, an MEP, a minister in France and an academic. Below is an overview of the main issues he raised during a hybrid meeting held in Luxembourg, which concluded with a lively discussion.

War in Ukraine – a paradigm shift for the world and the EU

As co-host of the event Klaus-Heiner Lehne, ECA President and Vice-President of the Bridge Forum Dialogue, introduced Pierre Moscovici, underlining that the issue of the future of the European Union had unfortunately become more relevant than ever in view of the war in Ukraine, which had caused a shock on the European continent. This Russian action has affected many people, first of all creating a humanitarian tragedy in Ukraine, but also having consequences for many EU citizens. The ECA President also explained the reaction of heads of European supreme audit institutions, condemning the war and Russia's aggression.

Pierre Moscovici applauded the attention that the topic of the future of Europe had received during the last few years. He explained that the EU's relevance had tragically increased since the developments in eastern Europe since the end of February 2022, putting the EU's role as a beacon of freedom and democracy at centre stage. He labelled Russia's aggression as a clear violation of international law and of Ukraine's sovereignty, and applauded the EU and many other countries for their willingness to show unity in support to Ukraine and to condemn Russia's invasion. Europe, he continued, was not something to be taken for granted: it must protect its values, which are not shared everywhere around the world. The EU's origins, he explained, lay in the steadfast approach taken by European countries, after the Second World War, in uniting in rejection of war. He underlined that for many years, generations of Europeans had grown up in an environment of peace.

The First President applauded the strong reaction by the EU in the form of sanctions, also to ensure a future of Europe, a future for democracies, conveying a strong message of determination to stay united. He pointed out that the EU has faced various crises – a financial crisis, a migration crisis and most recently a health crisis. But war, he said, was a crisis in which many of these come together, with the additional challenge to security it entailed. He argued that this war, which started on 24 February 2022, meant a paradigm shift for the world, posing a historic challenge to the EU, comparable at least to the fall of the Berlin Wall in November 1989. That fall symbolised the end of the Cold War and a victory of democracy, and was the starting point for the deepening and the widening of the EU project. And even if the EU's enlargement had sometimes been complicated, Pierre Moscovici said, the EU has shown that it was the right step to take. But heralding a century of peace in Europe had proven to be an illusion. He reminded the public how different the situation would be facing Russian aggression if an organisation like the EU did not exist. Russia's expansion aims will perhaps turn out to be a permanent threat to the EU and other European countries.

Pierre Moscovici pointed out that part of Putin's strategy was to put pressure on the EU in various ways. As a result of this strategy, many Ukrainians – already estimated at 30% of the Ukrainian population – had fled to the EU, with tremendous social consequences (migration crisis), commodity prices had risen (economic crisis) and concerns had arisen over energy (energy crisis), with consequences for inflation. He highlighted how, reacting to this crisis, the EU had opened up to offer a safe haven to refugees, imposed constraints on trade and cooperated also within the framework of NATO. At the same time, he indicated that the EU had proven to be rather dependent on Russian energy and raw materials. He also identified the risk that the EU moving away from Russia in these areas may push Russia even closer to China. In other words, there were several challenges that the EU had to face.

Transforming to a geopolitical Union requires leaps in governance and capacities

Taking a wider historical view, Pierre Moscovici recalled the expression that "history teaches but has no pupils". He wondered whether this was actually true, pointing to several crises on the European continent which had been addressed, some rapidly, others with some delay. The pandemic and the Ukraine crisis had led to quick reactions, with the NextGenerationEu initiative, including an EU loan programme. He looked back almost 30 years to when Jacques Delors, as President of the European Commission, spoke about European Community bonds in 1992. In relation to the EU sanctions in reaction to the Russian aggression, he highlighted that the EU – for the first time in its history – had decided to acquire military equipment for the Ukrainian army through the European Peace Facility. He predicted that the various EU sanctions might trigger reactions from Russia that would cause divergence on the EU front. But he stressed that unity within the EU and the ties between the NATO countries had been strengthened by the crisis in a remarkable and (for some) unexpected way. This would be tested, he said, by energy prices possibly rising to unprecedented levels.

Jean-Claude Juncker said that a good crisis should never be wasted. Pierre Moscovici referenced this, saying that at the forefront of an ecological crisis as well, the EU might become a more political Union. Jean-Claude Juncker spoke of a political Commission, and Ursula von der Leyen has recently identified the EU as a geopolitical Union. Against the backdrop of global events, he reflected that the EU was condemned to ask itself how it could be a power, facing a global power like China or a military power like Russia. Pierre Moscovici reiterated that unity was the EU's strength, and that building an economic power would be impossible without being a political power based on democracy, human rights and the rule of law, enabled by a proper political and economic governance framework. In his view, the EU must be able to defend itself, a goal which would most readily be achieved in cooperation with NATO, but also by seeking to form coalitions with several other countries individually. These countries included the USA, an aim which was fortunately now possible in view of its current government.

Another issue he touched upon concerned what the borders of the EU may be, also in view of several candidate countries knocking on the EU's doors. He argued that the

EU must be open to this in a constructive way, in the spirit of solidarity in Europe. In his view, a European Union of around 35 Member States would have to ask itself what kind of Union it wanted to be, and whether a multispeed Europe should seriously be considered. He raised the question of what the EU would be centred upon in such a scenario, and pointed out that with the Eurozone, the EU has in fact created such a multispeed Europe. In his view, voting procedures would also need to be addressed, with a possible move from unanimous to qualified voting in the Council in relation to all matters, including social issues, foreign-affairs issues and tax avoidance. Furthermore, he argued that the EU should remain a global leader on energy and ecological issues, and that the trend of energy dependence – the EU had imported 60% of its energy in 2019, compared with only 40% 30 years previously – should be reversed.

From an economic perspective, the First President found that the larger the EU was, the stronger its position would be, with rules for controls to prevent it from becoming a victim of the markets. This should be supported by tailor-made rules stimulating, for example, green investments, as well as the creation of a real permanent EU budget, fed by truly EU-based resources raised by means of a corporate tax, a digital tax, an energy tax, or a combination of these. He underlined that such changes would not transform the EU budget into a federal budget; later on, in reply to questions, he specified that his proposal should not lead to additional taxes being levied, but rather existing taxes being substituted. In his view, the EU's taxation system should be set up in accordance with the level of political ability to implement it, but also to address fairness, for example with a digital tax creating a level playing field for all businesses active in the EU, whether they came from EU countries or elsewhere.

Standing strong as a Union of democracy

In his concluding words, Pierre Moscovici stressed the moral duty of the EU, as a union of democracy, to stay engaged with the rule of law, defending the idea that led to the creation of the EU aimed towards cooperation in the interest of all its people, making it even more sustainable with each crisis it faces. Stating that he was a convinced and dedicated European, he encouraged everybody, also in his current capacity in audit, to take part in the challenge to further develop the EU and its capacity to act in response to whatever challenges might arise in the future.

After his presentation, Pierre Moscovici replied to various questions, ranging from strategic autonomy to the challenges of Treaty change to further strengthen the EU. Regarding the latter issue, in view of the difficult path of Treaty change, he highlighted the need to be rather practical and adopt workable practices. Concerning the tasks of supreme audit institutions in sudden crises like the one in eastern Europe, he underlined three aspects: to continue to hold the executive accountable, to exercise its independent function to enable the democratic process to take place, and to address citizens' concerns sufficiently.

As for the role of the EU institutions, he replied that some of them did not yet have a strong enough basis and practice to fulfil their leadership potential. In this respect, he suggested that the European Parliament, the European Commission and the EIB should play larger roles. He also argued in favour of rule changes, as he had proposed earlier, for the Council. Recognising the difficulties, he pointed out that in the end Member States could not stick too much to national interests, and that instead they should be realistic about the role the EU can and must play globally, also for the sake of democratic values.

