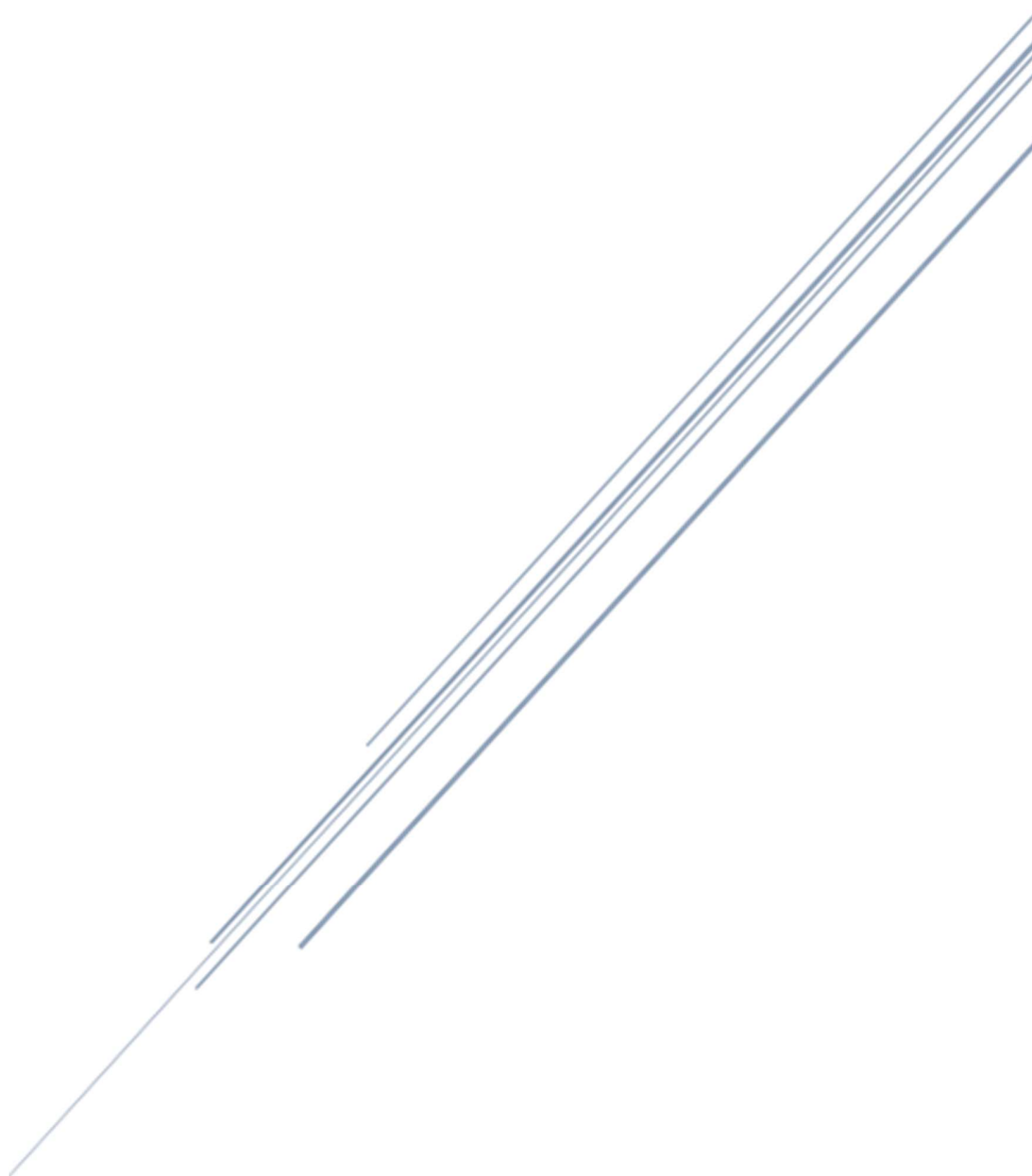


Smart Europe

Renato G. Flôres Jr.



FGV IIU is a small think tank directly connected to the Presidency of Fundação Getulio Vargas. **FGV IIU** observes the international scene with the purpose of identifying questions, trends and partners relevant for Brazil, as well as contributes to explain Brazilian themes and characteristics to foreign audiences. The exchange of good practices, in both directions, is a subsidiary aim of the Unit.

FGV IIU Flash Notes are short reports addressing pressing or hot issues in the international scene, with a likely strong interaction with Brazil. They state a viewpoint considered relevant for the moment at stake; by their very nature, the situation they address may change, new information, data or events may come or happen and conclusions accordingly become dated.

The views in **FGV IIU Flash Notes** do not engage in any way FGV or its executives and can only be attributed to the respective Authors; if not signed, FGV IIU's Director is solely responsible for them.

FGV IIU Flash Notes are identified by the date of issue, at the left bottom of the front page.

FGV IIU

npjii@fgv.br

<https://iiu.fgv.br/>

Director: Renato G. Flôres Jr.

Praia de Botafogo 210, 11th floor

Rio de Janeiro, Brazil.

Voice: +55 21 3799 4745 (Licia)

Smart Europe

Renato G. Flôres Jr.

1. Introduction.

The European Union has been experiencing hard times, in a context that progressively gets more unfriendly to its encompassing and ambitious project, both in the internal and external fronts.

It is perhaps time to stop and ponder whether the direction of its efforts, and the priorities that have been set do really match the present reality -in terms of balancing the various forces and emerging powers at stake, as well as the positioning of the bloc itself- and lead to the right path of a coherent and influent, model regional integration, desired - in different ways- by all its members.

Internally, the numerous transformations taking place, with unavoidable changes in the German political-economic leadership of the Union, the thinly sustainable stability in Italy provided by Mario Draghi, the steady though slow and wisely disguised decline of France, together with divergent though not necessarily anti-Union evolutions in significant representatives of the former Soviet Bloc, are a few of the more than nuisances to plague

the already confusing management of 27 nations that persistently refrain to get closer. It rightly repeats the mantra that its strength lies in the union of its members and when they so act; but avoids to reckon with the heightening divergence among them.

The EU is a huge net *demandeur* of energy, and many times acts as if this were not the case; it continues to be unable to solve the conundrum of its military autonomy, even in relative, reasonable terms, while at the same time pretends to be a mighty international power, with perhaps too many endeavours, most of debatable success. It portrays an independent position towards China, without a common view on the superpower by its several members, to finish, most of the times, to follow the prescription of a United States that allows it, at most, to play second fiddle in its planetary orchestra. It tries not to see how crucial it is to streamline a consistent and, if not friendly, rid of old-fashioned suspicions -and of a rhetoric that may be in the interest of other powers but not its own- policy towards Russia.

Notwithstanding, the EU continues to be an attractive and, under many dimensions, pioneering project, involving perhaps the most modern -actually post-modern- experiment in social democracy in the Western Hemisphere. A multilateral endeavour with concrete achievements and, despite plenty of misdeeds and mistakes, able to not only give a positive contribution to the world order but also secure to the EU itself a relevant place in this very order.

This short note outlines, in a preliminary form, how this could be achieved. The process requires significant turns in its present projects and a strong re-focussing on assets that have been either disregarded or have not received due attention and support. Bolder attitudes are required in the geopolitical realm, be it in terms of assertiveness or of taking clear and reasonable decisions to quit fora, conflicts and spots that weaken its image and message, and to which its contribution is actually small.

The next section addresses the broad idea and why it is worth considering. Sections 3 and 4 get into more detail, outlining changes either in the domestic or in the foreign affairs domains, respectively, while a last section concludes.

The aim of the Note may seem preposterous but an undeniable excuse is that something must be done, to counter the Union's slow decline and loss of relevance.

2. Smart Europe, not Superpower Europe.

The EU has been active in multiple international chessboards, as well as trying to gain prominence in manifold sectors of activity and global problems, while thriving to pursue an ever-enlarged membership whose final boundaries it leaves -perhaps purposely- undefined.

Is this the best strategy? Has this huge and diversified effort been, in recent times, successful? Is this the way to achieve the international status it so dearly aspires and tries to convince itself it already has?

It is high-time to pause for a while and rethink whether what has been done still makes sense in a fast-changing reality that has either shifted or eliminated goals and certainties that until recently made sense.

Why to proceed with an enlargement policy when the present group of members is far from cohesive and much must still be done to cement a basic common understanding and set of goals, taking into consideration -as usual- the inherent diversity of the Union?

Why to nurture the illusion that the EU will be a top or game-changing military power, while letting unclear how much NATO-dependence is wanted, while individual members' actions are uncoordinated and, half of the times, unsuccessful?

The post-modern EU society -a reality in nearly half its members and at which the others are aiming- is already far from a bellicose international actor. Its assets are culture, dialogue, innovative experiments in citizen's empowerment and governance, a clear, despite quite a few contradictions, effort towards a sustainable society and advanced legislative and regulatory proposals on modern socio-economic issues that are at the frontier of the existing attempts.

The Union has all the qualities and features to become a smart power and not a superpower.

As a smart power it will be a unique actor; a source of inspiration and concrete examples in the implementation of a fairer and more human polis, deeply respectful to the individual, the community and the environment, within a context where the tensions

and divergent goals related to these three entities are equated in the light of democratic principles. An actor universally recognised and praised.

In the present debate about the future of democracy and best forms of government -something in which size plays an often disregarded, important role- it is the European project, and not the US, that configures a Western alternative to the Chinese project.

With a few important financial centres, though not as top as the US and Japanese ones, or the Asian Singapore-Shanghai-Hong Kong triad; a relevant manufacturing centre, but lagging the generalised technological edge found in the US and select Asian economies, China nowadays included; a place with a significant and diversified agricultural sector, but unfortunately still considerably protected and not competitive anymore to the US and Brazilian powerhouses, to cite the two most significant counterexamples; a competitive services provider but again -and especially after the UK exit- without an absolute advantage, while losing part of its comparative ones in many sectors, the EU still is the partner that cannot be disregarded in the techno-economic realm, the one whose adherence may often change the odds, but not essentially the universal leader or the indispensable actor.

This makes for an additional argument for the smart option. The EU enjoys the subtle and strategic quality of being relevant without being overwhelming: it neither frightens nor menaces, it adds.

The digital galaxy provides a further interesting example; indeed, a unique example of how well it is positioned to perform, and now in a top way, the role of the global smart power. The EU -luckily- is not home to any of the five big ones: Alphabet, Amazon, Apple, Facebook and Microsoft, not to mention Chinese giants like Tencent and Ali-baba. This places it in a unique position: a most relevant market, home to an advanced democratic society, it is able to quite independently produce norms and regulations on the digital galaxy that are the most modern and advanced ones in the world.

A regulatory framework that stands as the best reference available to tackle the myriad of problems posed by the digital complex, and that can easily set the standards for other national or regional attempts.

3. Adjusting the internal priorities.

Sticking to the present number of members, much must still be done in improving and concluding integration procedures regarding the whole fiscal and financial areas, where disjunctions and lack of a minimal common denominator are perhaps greater. Social and professional integration, dynamic joint economic pursuits, private, if possible, to boost innovation and entrepreneurship, can be multiplied. Though much has been achieved in all these instances, a complex and challenging task still lies ahead. Moreover, a basic common view on a few major global issues -a task harder than it may seem- must be seriously tried.

Sharing these demands and their eventual accomplishment with the responsibilities and tasks of further enlargements -that will produce new members and novel problems, increasing the internal noise in the Union- seems a waste of energy, very likely a mistake.

A larger EU is not needed, a more convergent and united one, deeply integrated in some areas and processes yes, in dire need. Only in this way it can have a clearer visibility to the outside, and become a stronger and more trustworthy partner.

Another key internal problem is the net energy dependence of the Union. The recent environmental degradation of lignite extraction areas in Germany is a small example of a crisis with manifold faces. The present shortage, and ensuing price escalation, is an uncomfortable symptom of a disease that has been mismanaged for quite a long time.

Without secure energy imports and a sound decision on the nuclear, the future of the EU and its enormous possibilities as a smart power are in real danger. The renewables contribution, despite increasing, will never in the short to medium run, at least, be able to supply the needed amounts for running the economy, ensuring full transportation capabilities and providing basic and steady supply to the myriad of household needs.

It is not the place here to dwell on how feasible, desirable or relevant the nuclear option will be, but this must be brought back to the fore. Of greater concern for our argument is the external dimension; this unavoidably involves the relations with Russia and will be discussed in the next section.

The question of competences and of how much freedom each member can enjoy, an extremely hot issue nowadays, deserves more attention. It is undeniable that the Brussels' combined *apparatchik* and *nomenklatura* powers are excessive and must be contained. The ticklish issue of how encompassing are the treaties, as regards their prevalence and interference on national questions is less clear than Brussels tries to make believe. Without delving into the present Polish crisis, Poland has a point when it claims limits to the EU competences. In a broader perspective -and avoiding getting into either technical details or finger pointing-, not only the Polish and Hungarian divergences must be streamlined, but thaws between Northern and Southern members, or within any specific group should be minimised.

At the root of many of the above lie different views on principled issues like monetary policy and ECB controls, or visions of sovereignty and basic rights, and of up to where the Brussels bureaucracy can go. But there are also differences on fundamental questions like migration or trade and environmental policies. This leads, together with the above-mentioned energy deficit, to the next section.

4. A streamlined foreign sector.

A schizophrenic mood prevails in the Union, with an unsolved and unclear stance regarding the triangle NATO, national armies and a European force. In the midst of this *confusión de confusiones*, Russia appears as the inevitable bogeyman, sometimes useful as either a scapegoat or a convenient excuse to either act or not, depending on the circumstances.

To acquire the desired autonomy, as left clear by the developments since the Trump administration, a European Army is needed together with a mature relationship with NATO. Not a departure, nor a significant distancing, but a separate posture that recognizes both that the Organisation has lost its original, basic objective, and that European security is not a matter to be left in its hands.

This is a non-trivial change of mind frame, and requires the recognition that the old Iron Curtain/Soviet Union menace is over and if Russia does not need to be taken as a friend, it does not need to be taken as a foe either. The borders of the Union are not at

immediate risk and, though strategic, they do not need to become heavily armed grounds with the sole purpose of invading or containing the Russian bear.

Moving further away, a similar contention applies to the Indo-Pacific and South American regions. The recent “nuclear submarines affair”, involving France, Australia, the US and the UK should serve as a clever and friendly warning that the EU, and France in the case, has been overstretching a desire to play a role in every chokepoint of the planet, as if it were a second(-hand) hegemon. It is doubtful, however, whether the perception will be such.

Likewise, despite the ever-present EU good intentions, the roles played in South America, notably in Colombia and Venezuela, are debatable in terms of concrete achievements and again signal the desire to play the hegemon without having neither the full knowledge and competences for the problem at stake, nor a clear view of its own objectives in doing so, besides the broad rhetoric of “supporting peace initiatives everywhere”.

The same applies, in a more complex context, to the several actions pursued in Africa, here with the further complication that more than a zest of old colonial postures is often present. If the immediate Mediterranean neighbourhood is undeniably important, moving southwards to the Sahel -where views of the past mix with present goals- is disputable, and even both the global EU role in the area and the effectiveness of initiatives like the G5 Sahel Joint Force are to be questioned, given the recent local developments.

The list could continue, going from the Middle East to Central Europe. The point to be stressed in all these examples is that, provided Brussels quits the elusive and ambitious posture of alternative policeman of the world -something outside its capacities and competencies, there is room for a serious streamlining of its foreign actions, concentrating more resources on actions that really matter, and saving others to invest in sectors and activities that would boost its smart power.

A retrenching of the Union, focussing on its surroundings and the proper alignment of members and neighbours in a constructive and effective way would save funds and times for improving the more meaningful actions and increase its credibility.

It would be foolish, in a short note like this, to tell or point to the EU what should be cancelled or diminished, and what should be improved and fostered. The examples

above indicate areas or actions where there is a good support to the opinion that the EU is wasting precious resources.

In the environmental realm -an area where the smart position of the Union is sometimes already apparent- the issue is to better calibrate the assertions, taking into account that always behind a climate or environmental posture there is a struggle of conflicting and purely capitalist economic motives.

A good example is given by the active trade agreements policy Brussels has been pursuing. To sign a Mercosul-EU Free Trade Agreement, under the vest of new-generation agreements, after a decades-long negotiating process that does not tell well about classical European protectionist cores, notably the agricultural one, and then wash one's hands and let the Agreement (once again) dormant in the European Parliament, under environmental excuses, is a display of ill-co-ordination together with one of the political clout of the agricultural lobby.

The car manufacturer's lobby is another source of examples of two-sided and diffident actions regarding pollution and environmental standards. This is not unique to the EU and again the pledge here is not that all dystopic situations should be cleared up. But a smart power does not play above its league, nor boasts measures that won't be implemented after: if the EU adjusts its rhetoric to what it really can do and has accomplished in the field -and these are perhaps the most advanced achievements among developed countries- it will much more easily perform its smart power role.

5. A final word.

If one admits that in today's world there are only two superpowers, the US and China, all the remaining ones cannot be a superpower: they are middle powers. Among these, the EU is a singular entity. Until less than two decades ago it viewed itself as a match to the Western superpower, the US, displaying qualities and developments that indeed put it in equal footing -if one discarded the military and defence aspects- to the transatlantic partner. The sure emergence of China, and the several changes and turns in the world chessboard have detached the two superpowers from the remaining actors. Sometimes,

it seems that the Union still sees itself as a third one, extremely competitive, in its own terms and in multiple dimensions, with the other two. This is not the case.

This Note argues that there is no harm in the new status. Rankings of middle powers are not linear and the European specificities and assets can place it in a rather special and key position: that of a smart power.

The previous sections outlined reasons and ways to move in this direction. It is a long and hard task whose first step must be a clear and realistic evaluation, by the Union itself, of its place and potentials in the present world scene. It is hoped that the path to a most relevant smart power will then be pursued.