



Solidarity and Austerity: The 2012 State of the European Union

Annual Brussels Think-Tank Dialogue

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Briefing Note

Austerity and Solidarity in Europe: No Zero-sum Game

EU governments are implementing austerity packages; populist and nationalist movements are growing; social discontent rages. The European Union is facing a crisis of multiple dimensions – both economic and financial, but also social and democratic. How to cope with these current threats to the EU's political and social cohesion by balancing crisis-induced austerity and the principle of solidarity amongst member states was the issue of this year's Brussels Think Tank Dialogue on January 31st.

The debates amongst scientific and political experts from all over Europe, including distinguished speakers like Martin Schulz, recently elected President of the European Parliament, Danuta Hübner, Chair of the EP's cohesion policy committee, and MEP Dimitrios Droutsas, former foreign minister of Greece, started with two perspectives on the austerity-solidarity equation currently predominating the public debate:

On the one hand, indiscriminate budget consolidation efforts are accused to exacerbate economic recession and social hardships particularly in those EU countries most affected by the sovereign debt crisis. On the other other hand, austerity policies may be considered as necessary precondition for structural reforms enhancing competitiveness, growth and employment in member states lagging behind.

Most of the around 400 participants shared the second perspective that there is no automatic trade-off between austerity and solidarity – and that restoring sustainable public finances can and should be reconciled with a stronger focus on growth and jobs. Moreover, there was broad consensus that the issue of European solidarity should not be narrowed down to the current crisis-related debate. Keeping in mind that European integration is not just about economics but a political project, the principle of solidarity should also address issues like

intergenerational justice in a resource-efficient EU, European migration policy or Europe's role in the world.

Participants in the five workshops of the 2012 Think-Tank Dialogue sketched the following ways forward for an EU striving for sound public finances, solid growth and solidarity:

"If we want to produce a **resource-efficient Europe** so that the pursuit of resource efficiency becomes a European resource in itself, we need to tailor the regulation to make sure that it is adaptable, flexible and able to evolve in line with costs and technological development."

"As regards mitigating the **social impact of the euro crisis**, we must provide ways at EU level to give young entrepreneurs an incentive to try start-ups, to enhance young people's mobility and to raise European funds and private funding for social enterprises with greater capital requirements, such as hospitals, social housing, or homes for the elderly and the disabled".

"The **EU budget** has an important role to play in Europe as a genuine investment tool for long-term growth and a source of finance for European public goods with high added value."

"The **Arab Spring** offered the EU a perfect opportunity to present to the world a confident new foreign policy. But it came too early for the nascent European External Action Service to exert much influence. Member states still harbour different interests and pursue different priorities in the region, making it difficult to forge a common EU approach".

"We must not over-react to the 'immigration emergencies' that the EU is experiencing, such as last April's influx of Tunisians into Italy. No major changes to the **Schengen** Treaty are needed, but the Schengen Evaluation System must be improved."

The annual Brussels Think Tank Dialogue is one of Europe's leading dialogue platforms promoting the exchange between policymakers, scientists and civil society on the EU's political priorities. Since 2010 It is jointly organized by the Bertelsmann Stiftung, Bruegel, CEPS, Confrontations Europe, the Egmont Institute, EPC, Friends of Europe – Les amis de l'Europe, Ifri, Madariaga – College of Europe Foundation and the SWP at the beginning of every year. The Dialogue is kindly supported by Agence Europe and in 2012 Euractiv.com has joined in as media partner for the first time.