

ASA 2011 “The EU in the International arena: Ready to compete?”

Final Manifesto

2 August 2011

Introduction

Article 3 TEU states: „The Union’s aim is to promote peace, its values and the well-being of its peoples.” Moreover, “in its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens.” The categorical values which are embodied in the EU model are, according to Art. 2 TEU: “(...) respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.”

The EU values can thus be defined as incorporating values emanating from universal idea(l)s and more specific values developed in the integration process. The latter refer to particular institutions and practices of the model of regional integration. We equally want the EU to sustain a “highly competitive social market economy” based on “economic, social and territorial cohesion, and solidarity among Member States” (Art. 3 par. 3 TEU). Economic growth must be compatible with a high level of protection of social rights and improvement of the quality of the environment.

It is important to stress the link between competitiveness and sustainability. Considering the various challenges the EU faces, for instance the financial constraints, resource scarcity, demographic change, climate change and skills shortage the EU must be able to adapt to the changing environment of competitiveness. The EU must proactively drive sustainable development to guarantee a better quality of life for now and for generations to come. Policies have to consider economic, environmental and social issues – being fully aware of their interdependencies - when considering a long-term economic growth strategy. Within the scope of its competences the EU should offer guidance, policy frameworks and instruments that support sustainable development across EU member states to support overall competitiveness. EU institutions should act as a promoter for sustainable action at all levels (member state, industry, citizens). The EU must include the private sector and the public to guarantee the success of sustainable action. Top-down as well as bottom-up approaches should be considered within the EU’s sustainable development strategy.

Making the EU more competitive involves attractiveness both from an external (non-EU) and internal (EU) perspective. In general, we posit that a high quality of life is one of the most determinant components of EU attractiveness. A high quality of life is closely intertwined with the underlying notion of human capital being at the core of EU competitiveness strategy.

The EU’s competitive model is aiming at creating a knowledge-based economy. In order to achieve this goal the EU needs thriving business and sufficient resources. The role of business in creating wealth is crucial.

Achieving competitiveness requires agreements with long-term commitments by the global actors of which the legal certainty is a crucial component. In order to achieve this goal reliable and trustable partners are needed. The EU is a reliable partner due to the stability provided by the complex decision-making which, in finding a compromise, balances diverse interests over time.

By the promotion of its values the EU enhances its potential for competitiveness which comprises not only of economic but also of non-economic elements. Strong and unified leadership, speaking with one voice, in the promotion of these values strengthens the EU’s legitimacy among its citizens as well as in the international arena. Promoting values in the international arena means not to impose the “EU model” to other countries serving as an example of best practices and offering robust support.

Policy recommendations

1. A crucial factor for the EU's short-term and long-term competitiveness is a stable, secure and prosperous neighborhood. Therefore the EU should increase its engagement in neighboring countries in order to facilitate the democratic transition and economic development. One of the most urgent issues is the fight against corruption in these countries in order to increase good governance as well as to make them more attractive for business and foreign investment.
2. The EU should follow high standards of environmental protection and seek to promote similar ones elsewhere.
3. The EU should assist other regional regimes and organizations in their efforts to strengthen cooperation. Cross-border cooperation and the exchange of knowledge in areas such as justice, health and environment will lead to common benefits and jump-start cooperation in other areas as well.
4. EU should seek partnerships in the sphere of global justice therefore it should reinforce its commitment for the promotion of international criminal justice through an institutional set-up (ICC).
5. The EU should serve as a mediator in the peaceful settlement of international disputes. In order to enhance its capabilities in this field the EU should set up a permanent mediation committee which should focus but not limit its efforts on the area of neighboring states.
6. Tackling the problem of scarcity and dependence requires a resource-efficiency strategy. Natural resources are essential to the EU's prosperity. A resource-efficient EU is vital to future job creation, to improve productivity, cut costs and boost competitiveness. Politics must set the framework to trigger innovation in resource-efficient technologies, processes and products.
7. In the sight of demographic change and the already existing skills shortage the EU has to increase the sustainability and attractiveness of its labor market to benefit from talented and well-educated experts. Therefore we propose the EU Commission to establish a standardized procedure for the recognition of foreign degrees to disburden professionals to enter the European job market. Comparability across degrees from different universities should be reached through standardized subject tests, for which the existing electronic testing structures and procedures could be used. Secondly, a standardized process for foreign graduates or PhD students must be established that guarantees a EU-wide work permission when leaving the university.
8. EU lacks enough high-skilled workers for non-EU labor area skilled workers, laws should be simplified and work permits should be easier to grant for businesses, to ensure entrepreneurial and skilled talent is acquired and retained from abroad. Also, spouses of skilled migrants should be allowed to work within the EU, because it encourages entry of skilled labor.
9. Alongside with protecting the rights of all workers within the EU borders, particular attention should be given to the situation of women in the labor force. The difference in salaries for men and women should be reduced via mentorship programs, implementation of laws that ensure no discrimination for pregnancy or child care emergencies, and general transparency in hiring process.

10. Due to increasing health costs and ageing population it is required that the EU should encourage Member States to economize on their health care system while keep on providing quality services. In this respect we advocate that the OMC should push for a model of “preventive health care”. Check-ups and medical appointments in this model are provided for free as long as the patient respects the recommended treatment and preventive care.
11. More financial support, advertising, and emphasis should be given to cultural, educational and entrepreneurial exchange programs to foster cross-cultural exchange of ideas, information and knowledge, both within and outside the EU.
12. In the international arena, reliability and bargaining power might be increased if EU speaks with one voice. The European Parliament should elect both the President of the European Council and the High Representative for Foreign Affairs and Security Policy.
13. A competitive EU should provide financial stability; it should call upon EU institutions to increase supervision and regulation of the financial sector.
14. Policy options to solve the current euro-zone crisis (ranked according to votes):
 - “Transfer Union with conditionalities”. Redistribution of European wealth amongst the members by a centralized European Finance Board. Board retains power to impose conditions on recipient countries in order to stimulate market structure reforms. (21 votes)
 - “Eurobond”. With the introduction of a pan-European bond interest rates spreads can converge. Within the idea of European solidarity more competitive states underwrite the debts of less competitive states, lessening the likelihood of a credit event. To managed the centralized fund a comprehensive and accountable EU economic governance system would have to be established. (15 votes)
 - “Haircut”. In order to stabilize public sector debts Europe imposes a significant “haircut” on creditors thus significantly reducing outstanding debt levels/debt burden. (14 votes)
 - “Transfer Union without conditionalities”. Redistribution of European wealth from surplus countries to deficit countries. No conditionalities are imposed on the recipient countries (there is no abrogation of sovereignty). Recipient countries are free to decide how to allocate money transferred (a la German/East German transfers). (3 votes)
 - “Exit”. Countries unable to stabilize their sovereign debt levels will exit the eurozone so as to regain sovereign control of their monetary policy. (2 votes)