

European integration after the historical watershed of Russia's war of aggression

Chief Executive, European Policy Centre (EPC)

Dr. Fabian Zuleeg

Even before Russia started its invasion of Ukraine on 24 February 2022, the European Union (EU) had been struggling with multiple crises over the last decades. From geopolitical instability to migration, from rule of law to populism, from the Euro and debt crisis to the social and economic impact of COVID-19, from Brexit to the Greek crisis, the EU has been facing one interrelated crisis after another, a phenomenon dubbed by the EPC as *permacrisis*.¹ In addition, the EU was facing profound transitions, including ageing societies, a global technological revolution and the existential threat of climate change, all altered and accentuated by the pandemic.

But since the start of Putin's war of aggression, the situation has altered dramatically. Not only did the EU have to come together quickly and decisively to counter Russia's aggression and dealing with the socio-economic impact the invasion has at home, there is now a need to look more profoundly at how Europe's states work together. While this crisis has shown that only by acting together can the EU hope to remain an effective player globally, this is not a foregone conclusion. If the EU makes the wrong political choices now that lead to division and fragmentation, Putin will end up damaging liberal democracy whatever the outcome is on the ground in Ukraine.

1. European integration in the age of permacrisis

European integration remains one of the most successful experiments in international relations that has ever been conceived. Born out of the conflagration of the second World War, it brought together former traditional enemies to make war not merely unthinkable but materially impossible (Schuman declaration May 1950) by creating a web of economic interdependence, in tandem with the

¹ 'permacrisis' is a compound word of 'permanent crisis'.

F. Zuleeg, J. A. Emmanouilidis & R. Borges de Castro, 'Europe in the age of permacrisis', EPC, 11.3.2021
<https://www.epc.eu/en/Publications/Europe-in-the-age-of-permacrisis~3c8a0c>

gradual development of a political union. During the Cold War, together with NATO dealing with hard security, the European Communities, later the European Union (EU), provided a stable and attractive framework for Europe's liberal democracies to solve their differences in meeting rooms rather than battlefields.

This framework also proved attractive for the newly liberated countries of Central and Eastern Europe, who applied to join after shaking off the repression of the Soviet system. In parallel, the EU continued to deepen, including introducing the single currency for most of its members in the closing years of the last millennium.

But what some had dubbed 'the end of history' proved to be anything but, with geopolitics, crises and instability returning with a vengeance. The terrorist attacks of 9.11.2001 marked the beginning of two decades of almost uninterrupted global political and economic instability, which impacted profoundly on the countries of Europe, culminating with the multiple challenges brought by the COVID pandemic. Coupled with long term challenges, such as population ageing, climate change, the technological revolution, the rise of China, the weakening of the international order and, last but by no means least, the rise of euro-sceptic populism, culminating in Brexit, and the challenge to liberal democracy which resulted in Donald Trump becoming US President, these crises have battered the EU ever since, at times putting the continued existence of European integration under threat.

2. A watershed moment in European history

So Putin's war of aggression against Ukraine can be seen as continuation of these challenges, simply the latest expression of the permacrisis, not least since Russia's aggressive behaviour was already in evidence in previous years, including already in 2014 in Ukraine with conflict in the Donbas and the annexation of Crimea. Yet, while Russia has been a source of instability in the EU's neighbourhood, as well as a malign influence on European democracy with its

covert negative influence on elections, referenda and public opinion, this time the scale and scope of Russia's actions is different. It is not only an illegal and immoral invasion of Ukraine, with ordinary Ukrainians taking the brunt of the atrocious impact, but it is a historical watershed for Europe,² or, as Chancellor Scholz dubbed it, a 'Zeitenwende', the dawn of a new era. Putin's war of aggression is aimed not only at Ukraine but at all liberal democracies, directly challenging our interests and values, and putting into question the European and international security order.

3. Russia's mistakes, Europe's moment

But with this attack, Putin made two serious miscalculations. Firstly, he seemed to believe that the relative strength of his armed forces and the cultural affinity of many Ukrainians would make it fast and relatively easy to overrun Ukraine and install a puppet regime in Kyiv. Secondly, seeing the decline of Western democracy, including the Trump era in the US and Brexit in the EU, he perceived a weakness which was ready to be exploited. While he was right on the decline of liberal democracy, certainly with regard to the EU, he was wrong on the response to this challenge, as Europe rose to the occasion, making far ranging decisions quickly and, crucially, in unity. Far-reaching economic sanctions, the withdrawal of companies from Russia, an open door to Ukrainian refugees, humanitarian and military support to Ukraine, a re-strengthening of the transatlantic alliance, including a strong commitment of the US to NATO, policy changes across a range of fields, including on military spending and on oil and, crucially, gas, all followed quick.

Undoubtedly, there is more that could be done and will have to be done. A partial or full boycott of Russian oil and gas, solidarity measures for Ukraine and those within and outside the EU that are hit hardest, further economic sanctions and the continuing supply of weapons to Ukraine are all still on the agenda. Much will depend on Germany but the influence of the United States should not be underestimated. By-and-large, at least in the short term, unity in the EU will hold despite some conflicts on particular policies such as an oil and gas boycott or EU membership candidate status for Ukraine.

² F. Zuleeg 'A watershed moment in European history: Decision time for the EU', EPC, 24.2.2022
<https://www.epc.eu/en/Publications/A-watershed-moment-in-European-history-Decision-time-for-the-EU~4628f0>

4. A brave new world?

Given the age of permacrisis, it was already clear before Russia's war of aggression that the European integration process was needing to change. The European Union needs to develop capacities and capabilities to react to such challenges quickly, decisively and in unity. This will inter alia not only require the development of new crisis instruments and contingency mechanisms but also requires a change in decision-making structures.³

Now, after the invasion, it has become clear that the urgent need for the EU to develop such mechanisms and decision-making structures has become even more urgent. This will also entail finding new ways to combine the powers and capabilities at the national level with the supranational strength of the European Union's institutions and community method, for example by learning crucial lessons on how the EU successfully managed the Brexit process.⁴

5. A new lens for all EU policies

Moreover, the new geopolitical environment requires a wholesale re-examination of all EU with a new geostrategic view. Key policies that will be affected include:

- Defence and security – while clearly in the context of NATO and the renewed transatlantic alliance, the EU will have to assume a different role, increasing its capacity and capability through better coordinated or pooled national defence spending, and providing effective security guarantees for its members;
- External relations - including the relationship with the USA, China and Russia, and the role international organisations can play in protecting Europe's values and interests;
- Neighbourhood policies and the relationship with countries such as the UK and Turkey;
- EU membership – which will have to address a realistic and timetabled accession for Ukraine, as well as

³ See also J. Greubel & F. Zuleeg, "Towards a Win-Win Package Deal and More Effective Decision-making in a Union Faced with Disruptive Change", Chapter 11 of "European Futures: Challenges and Crossroads for the European Union of 2050", March 2021

⁴ A. Gostyńska-Jakubowska & N. von Ondarza 'The Barnier method: Lessons learned from the EU's institutional approach to the Brexit negotiations' Chapter 6 in 'Towards an ambitious, broad, deep and flexible EU-UK partnership?', EPC, June 2020 <https://www.epc.eu/en/publications/Chapter-6-The-Barnier-method-Lessons-learned-from-the-EUs-instituti~35082c>

providing a genuine accession perspective for the states of the Western Balkans;

- Development aid – action is needed to address the impact of higher food prices on the most vulnerable countries, while at the same time a strong effort will be needed to reconstruct Ukraine after the fighting has stopped;
- Migration/refugees – in addition to the short term support needed, the longer term integration of Ukrainian refugees, arriving in the EU in their millions, will have to be addressed, which will have implications for all EU migration and refugee policies;
- Agricultural policy - will have to be revisited, putting a stronger emphasis on food security, while taking into account the impact on global trade, as well as the challenge of higher food prices for developing countries;
- Energy – will have to change radically in the short term and in the longer term. The final outcome of Putin’s war is likely to be a decoupling of the EU economy from Russia, which implies that EU energy needs need to be met in a different way;
- Climate change – the changes in energy supplies for the EU will have implications for the EU’s climate action commitments. Given that climate change remains an existential threat to humanity, ways have to be found to return to a pathway of sustainability whatever short term measures have to be taken to ensure security of energy supplies;
- Economic recovery – directly and indirectly, the EU’s economic recovery from the pandemic will be affected by the war, both in the short term but also in the long term, for example with respect to supply chains and energy and commodity inputs. While there are inevitably negative impacts, with the EU having to act much more like a wartime economy,⁵ the EU also needs to mitigate the worst effects, for example expanding the scope of the recovery and resilience instruments that have been recently created, and to make them permanent;
- EU budget - Not only will there be a need for permanent EU borrowing to invest in European public goods (such as climate action and collective security), more fiscal means will be needed at EU level. Whatever mechanism is chosen, the end result has to be greater

spending power at EU level than the current level of 1% of EU GDP;

- Solidarity – responding effectively to the economic challenges also necessitates finding ways to support those countries most affected but least able to deal with the economic repercussions. This is not only right and fair from a social perspective but it also ensures that the populations in these countries support the actions that have to be taken against Russia and the continued support for the transformation to sustainability that has to take place;
- Economic policy – the new spending pressures that arise from the collective realignment of common objectives will, inevitably, increase national deficits and debt levels, coming on top of the strain imposed by COVID-19. This entails revisiting European economic governance systems, in particular fiscal rules. Energy prices are likely to remain high, which will have implications for inflation. To counteract the risk of stagflation, the European Central Bank will have to take a different stance on inflation;
- Industrial policy – the principles of open strategic autonomy and technological sovereignty will take an even greater prominence, influencing internal industrial, single market, research and innovation policy, as well as external economic policies in the areas of trade and investment;
- Health/well-being – the effective protection against pandemics such as COVID-19 was already on the agenda before Russia’s invasion, including its implications for the pharmaceutical and protective equipment market. The way the EU deals with risks and builds capacity as well as security of supplies will be further accentuated by the current crisis; and
- Political cohesion and defence of democracy – the war in Ukraine will also put in question how the EU can ensure common action in future in light of challenges to the rule of law and democracy from Eurosceptic populism within, often connected to challenges from outside, with dis/misinformation and extremist political position often directly supported by global powers, including Russia.

These are just the immediate obvious areas that will be affected, but more policy adaptation will need to come in the coming weeks and months, in part driven by what happens on the ground.

⁵ F. Mollet & G. Riekeles ‘Europe must prepare for a wartime economy’, EPC, 24.3.2022 <https://www.epc.eu/en/publications/Europe-must-prepare-for-a-wartime-economy~475b94>

6. New EU decision making

The challenges that arise from the wholesale reappraisal of EU policies also implies that decision-making and the powers the EU is given by its member states will have to change. The EU, and in many cases this means the EU Commission, will have to have the powers to act quickly and decisively, at times breaking policy taboos that certain member states have held on to for a long time. It also implies that the effective veto that each individual member states holds in particular policy areas has to be defused. This does not necessarily imply the introduction of qualified majority voting in all areas (although in some areas this will have to happen) but mechanisms have to be found to go ahead in a policy area even if one of the member states is opposed, if necessary outside the framework of the EU's community method.

The EU will need to proceed with more differentiated and difficult integration, including introducing new decision-making systems and methods such as the process that was applied during the "Brexit" process. The EU has to establish itself as a Union within a web of alliances, drawing its neighbours into close relationships, not only economically but also politically, and creating complementarities in particular with NATO. The EU and its member states also have to collectively recognise their role as an important geopolitical actor, putting their long term strategic interests above short term economic gains. To be truly effective, there has to be an emancipation of the EU, recognising that protection, prosperity, values and interests of EU member states can only be delivered collectively.

7. Implications for EU integration

For many years, proponents of EU integration had stipulated that when the EU acts with one voice, the whole has more power than the sum of its member states imply. Simply put, unity is strength. The attack on Ukraine has proven dramatically that this is true. A united Europe, together with its allies and in particular the United States, still has the heft to defend its values and interests. But whether unity will hold in the medium to long term is not a foregone conclusion. It remains a political choice that also requires strong leadership at the domestic level, especially, but not exclusively, in France and Germany, where the re-election of President Macron and the still new government of Chancellor Scholz should provide the basis for common European action.

But, while the new external circumstances now suggest a strong impetus for change, these are momentous political challenges that need to be addressed, and they carry a high political cost. The temptation will be to delay, to muddle through, and, in crucial areas, to leave the decision-making power at national level, with only an attempt of coordination at the EU level. After all, this is how previous crises were dealt with.

8. Prospect for 2025

If the EU tries to muddle through, the scale and scope of Russia's challenge to liberal democracy, illustrated by the wide range of policy areas affected, implies that the EU will fail. The inevitable outcome of an incomplete and half-hearted response is fragmentation, and, ultimately, the EU and its member states becoming irrelevant in this new geostrategic and geoeconomic world. It would imply that the EU no longer has the capability to respond to new aspects of the permacrisis, in the end undermining peace and prosperity of Europe's citizens.

So the EU's prospects for 2025 essentially come down to a dichotomous policy choice. Either the EU has failed to draw the lessons from Putin's declaration of war on liberal democracy, trying to muddle through in the face of a systemic and all-encompassing policy challenge. In this case, the EU will become a marginal global actor, entirely dependent on others such as the US, and without the capacity to safeguard Europe's peace and prosperity. Alternatively, Europe fulfills its potential and becomes the kind of actor Europe now needs to deal with Russia's challenge but that is also able to contribute to the delivery of global public goods, including climate change. This can be Europe's moment but Europeans will have to make the right choices in the coming weeks and months.

Author Introduction



Fabian Zuleeg

Since October 2013, Dr. Fabian Zuleeg is Chief Executive of the European Policy Centre, with overall responsibility, including providing strategic direction, managing its staff and resources and representing the EPC. He remains Chief Economist at the same time (a post he has held since January 2010). Fabian holds a PhD on the political economy of EU accession from Edinburgh University. Before coming to the EPC he has worked as an economic analyst in academia, the public and the private sector.