

# The Future of EU Prosperity: A View from National Parliaments

Fifth Mercator European Dialogue – Paris – 2-4 March 2018

MERCATOR  
EUROPEAN  
DIALOGUE

STIFTUNG  
MERCATOR

 King Baudouin  
Foundation  
*Working together for a better society*

G | M | F The German Marshall Fund  
of the United States  
STRENGTHENING TRANSATLANTIC COOPERATION

 iai

CIDOB  
BARCELONA  
CENTRE FOR  
INTERNATIONAL  
AFFAIRS

 ELIAMEP  
ΕΛΛΗΝΙΚΟ ΟΡΘΟΓΩΝΙΟ ΕΥΡΩΠΑΪΚΗΣ & ΕΞΩΤΕΡΙΚΗΣ ΠΟΛΙΤΙΚΗΣ  
HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY

Editors Chiara Rosselli, Lena Exner, Caspar Kolster | GMF

Contributions by Lalit Chennamaneni | GMF, Dr. Eleonora Poli | IAI, Dr. Thanos Dokos, Dr. Elizabeth Phocas  
| ELIAMEP, Dr. Pol Morillas, Héctor Sánchez | CIDOB, Matthias Spielkamp | Algorithm Watch

April 2018

Copyright German Marshall Fund of the United States  
Voßstraße 20, 10117 Berlin | [www.gmfus.org](http://www.gmfus.org)

---

# table of contents

---

2 A MESSAGE FROM PARLIAMENTARIANS ACROSS EUROPE – PREFACE

6 EXECUTIVE SUMMARY

8 POLICY CHALLENGES – KEY TAKEAWAYS

8 FUTURE OF INDUSTRIES | 9 FINANCING PROSPERITY | 10 EDUCATING SOCIETIES | 11 MODELS OF WORK | 12 MANAGING UNEMPLOYMENT | 13 INCLUSIVE AND SUSTAINABLE PROSPERITY | 14 BROADER IMPACT OF DIGITALIZATION ON SOCIETIES

15 MP INITIATIVES – ADDRESSING THE MODERNIZATION CHALLENGE

15 TRANSPARENCY IN GOVERNANCE | 17 TAXATION OF DIGITAL BUSINESSES | 19 (E-)CONNECTING RURAL AREAS | 21 AN EDUCATION STRATEGY FOR THE 21<sup>ST</sup> CENTURY

23 PROCESS

24 GRAPHIC RECORDING OF THE GROUP DISCUSSIONS

## A MESSAGE FROM PARLIAMENTARIANS ACROSS EUROPE// PREFACE

The European Union rests on the idea of transnational cooperation, that only by **working together** and in respect of each other can the nations of this continent and their people live free, peacefully, and prosperously, unafraid of the challenges our future may bring.

Today however, we see this paradigm increasingly challenged - from the outside as global power constellations manifest increasingly aggressive traits, and from the inside of the EU, where new blocs with differing visions of what the EU should stand for confront each other with **increasing hostility instead of seeking constructive ways forward**. It is a core attribute of a functioning democratic system to transparently manage a plurality of ideas and to forge consent from diverging opinions; it should help us to **bridge divides and legitimate differences of opinions and values**. In the modern world though, marked by fake news, alternative facts, and political polarization, citizens, political leaders and institutions alike have ceased to believe in the well-functioning of democracy. A core premise for cooperation - trust - is evermore eroding.

Looking to the future of EU prosperity, it is impossible not to be humbled by the magnitude, power, and speed of the economic, technological and societal changes that are shaking the foundations of our societies. These trends disregard geographical and political barriers and encourage us to think together about how to best manage transnational and global challenges for the benefit of our own constituencies and citizens.

But we must elevate our discourse beyond dry theoretical exercises and begin to question our current reality, or perception thereof. We must strive to look at facts and statistics with fresh eyes and renewed commitment to base our choices on the best available information; to keep an inquisitive spirit and re-inspire politics and citizens alike by addressing the large questions of our day, starting by defining and debating one of the most fundamental notions of all - what is prosperity? And how does it relate to happiness? Or to GDP?

The standard response is that a growing GDP and increasing productivity are key for prosperity. Productivity generates capacities to

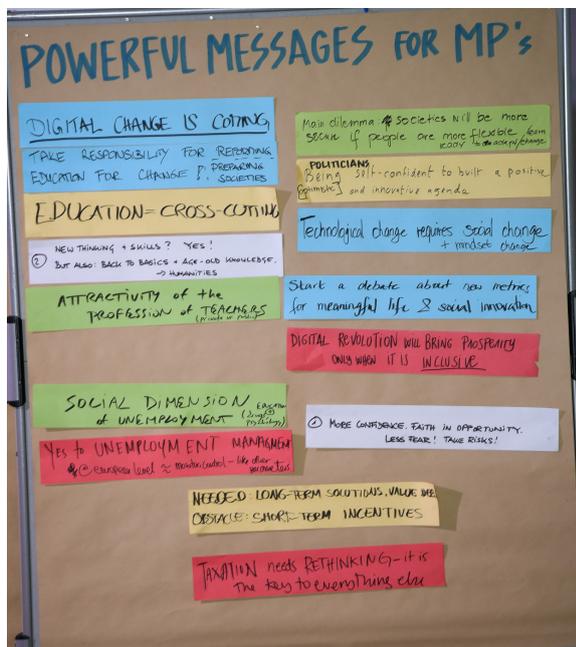


provide and maintain services and potentially create an attractive and innovative investment climate – crucial preconditions for reaping the benefits of the digital revolution at our doorstep and re-launch European economic and thought leadership.

But a growing GDP may not be capturing the whole picture. Even countries with the highest GDP rates in the world do not perform all too well in regarding the general happiness of their citizens. So perhaps, we are missing a piece of the puzzle. Can we imagine alternative measures of successful policies and politics that address issues that go beyond GDP growth? Should we? At this moment in time, we feel compelled to address such uncomfortable questions as growing concern among citizens, experts and political leaders alike emerge around the possibility of a future scenario determined by economic contraction instead of endless growth. Citizens across our member states are increasingly pessimistic about their future prospects, embracing the perception that their wellbeing is put at risk. This perception in and of itself deserves to be addressed with seriousness and new thinking.

Digitalization yields great opportunities to shape and improve our lives beyond what was even imaginable a decade ago, yet great socio-economic transformations need great attention and a carefully crafted strategy to direct their development and to cope with their impact; a task no single state can manage by itself.

A cornerstone of this endeavor, and this has become crystal clear in our past debates, is the need for a fundamental rethinking of education to equip the coming generations with the necessary skillset and experience to work and maneuver in an increasingly connected and technical world. Besides the update of curricula and the modernization of schools and universities,



we must also tap into the unparalleled human capital of Europe as a whole, by institutionalizing lifelong learning and re-training programs, especially for unemployed and those in precarious working conditions, while promoting the exchange of ideas among students, workers, and teachers. Moreover, it remains crucial to integrate those in danger of being sidelined by investing in infrastructure, especially in remote and rural areas perceived to be commercially unviable. We cannot afford to selectively include sectors of societies in the digital revolution, we must take everyone along, or we risk further entrenching divides that are contributing to the disintegrating of our societies before our very eyes. Today connectivity is not just one of many factors of prosperity; it is a prerequisite and a basic need similar to public transportation or health care.

All policy ideas, however, are naught without a plan to finance them. Therefore, taxation of digital businesses emerges as another cornerstone of our rethinking. We currently lack the adequate means to tax new and complex wealth creation processes behind digital goods based on technology that often defies territorial borders. The heterogeneity of tax regulation within the EU has allowed major companies to design sophisticated ways of avoiding taxation while generating enormous profits. Without a coordinated European approach member states will not be able to rigorously enforce their own national competences but instead will be trapped in a cycle of competitive tax dumping. Today, to act in your own interest means acting together.

The challenge of prosperity in the digital era though, is one that reaches well beyond mere economic implications, it challenges our very model of democracy. Preserving the integrity of the democratic system within member states and the EU as a whole is of utmost importance in tumultuous and uncertain times, when many people across the continent are desperately looking for answers, and finding instead a political system that is too slow, too insular and too resistant to change and to new ideas; a bad listener to the voices emerging from sectors of society other than one's own. As politicians we are faced with a burdensome task, that of regulating change and phenomena, while we ourselves are embedded in institutions and systems that are resistant to change.

We already see the demand for new governance systems and new political ideas sweeping across the continent. In many cases it has come first and foremost from people who have lost their livelihood and sense of worth in the turmoil of modernization, while watching others seize the new era and prosper, causing a loss of trust in politics and, ultimately, the democratic process as a whole. New technologies and the data that come with it offer innovative ways to communicate with the people but they also come with great responsibility. A receptive and transparent way of governing ensures that people feel heard and at the same time helps enforce governmental accountability. Let's turn this challenge into an opportunity for renewal, and let's learn from each other – seeking best practices in terms of governance while debating publicly the big ideas behind these different models of management of the public good.

Let's not blind ourselves and ignore the fact that digital change will happen with or without us. It is upon us to either try to sit it out, a route which

4 is bound to fail, or to get our act together and get back into the driver's seat, even though of course we will not have to drive the car ourselves anymore.

The primary take-away of the Mercator European Dialogue experience is that we are unique in our cultures, in our political understanding, in our visions for our citizens, in our understanding of societal value - but we are most definitely not alone. On the issues that are urgent in your constituency there is no greater expert than a directly elected politician, the direct link to the local communities. Their questions, needs, hopes and fears cannot be represented and heard, if not through local expertise and know-how. But many of our fellow MPs around the continent face very similar problems and are looking for answers, too. Why not combine our forces to share ideas, capacities, and expertise to craft more sustainable and coherent legislation?

'Europe' as a notion has become inconvenient or even difficult to deal with. While the views of what Europe is and how it should function are at times diametrically opposed we should not give up but talk to each other instead to strive to understand each other's concerns. In this regard, dialogue is not only important, it is imperative for a prosperous future for all. After all, Europe is not something done to us. It is not something done for us. It is done by us. Let us move forward together, not despite our differences but because of them. Let us embrace our diversity not as weakness but as strength and work towards a better and more prosperous union of European states.



## EXECUTIVE SUMMARY

40 Members of Parliament from 14 member states, representing 26 parties met for 3 days in Paris to discuss the future of EU prosperity. This report summarizes their conversations, ideas, and initiatives.

The confluence of globalization, digitalization, technological advances and demographic change are radically reconfiguring the socio-economic fiber of our societies.

Contemporary modernization presents European societies with extraordinary opportunities along with immense challenges. Industries and workforces alike are faced with the task of adapting to new dynamics in order to remain competitive, benefit from new technologies and guarantee access to job opportunities for citizens. In some European regions unsustainable levels of youth unemployment, inadequate education systems as well as digital and financial illiteracy rates warrant reflection on the models of prosperity that European states will need to adopt and adapt to in order to successfully address global trends and macro challenges of the future.

Policy makers across the EU are faced with an array of complex questions.

- What is the potential of Industry 4.0?
- What type of wealth generation is to be expected, and for whom?
- How to cope with job losses whilst tapping into job creation opportunities?
- Which new sets of skills are needed and how can education systems be adapted?
- How can labor laws strike a balance between flexibility and security and can universal basic income play a role?
- What new pathways towards an inclusive growth strategy for Europe can be envisaged?

### Main Takeaways for Members of Parliament

- Education is key in order to build on Europe's global advantage in human capital, to prepare people for an ever more rapidly changing job-environment, and to foster innovation
- Digitalization is happening now and it is effecting change across policy areas. Politicians are key in raising awareness and impacting this process.
- Finding new resources to finance our future means rethinking our taxation systems to bring them up to speed with the 21st century – starting from looking at how we tax digital businesses. We currently lack the adequate means to tax new and complex wealth creation processes behind digital goods based on technology that often defies territorial borders.
- Digitalization has great potential to catalyze innovation and progress, but can also quickly deepen societal divides or foster otherwise unsustainable tendencies. This is why it needs to be channelled in a way that makes sure that modernization is inclusive, sustainable, and equitable.
- The exchange between political actors across Europe helps to find potential for cooperation and learn about the political agenda in other countries.

Participants prioritized key action areas on which to follow-up in more detail.

**1. Transparency in governance** – how can digital means help make governments more accountable?

There is great potential for digital technologies to make governance more transparent and accessible. Transparency in the allocation of EU funding is one area where increased transparency might be particularly sensible, since it is thus far not uniformly administered across member states and significant damages are incurred through corruption every year.

**2. Taxation of digital businesses** – how and where to effectively levy taxes on new business models?

It is imperative to redefine what are taxable outcomes of new business models; what constitutes a company's place of business when its activities are mostly online; and how politicians could get involved in the current EU-wide process of finding answers to these questions. One concrete proposal was brought up to consider mobile devices that are used to buy products as a "digital presence" of online sellers.

**3. (E-)connecting rural areas** – how to prevent disadvantaged regions from being disconnected from infrastructures and other forms of access?

The rural-urban divide is once more one of the most relevant cleavages in modern politics. It is thus important to explore how digital infrastructure, or rather the lack thereof, can be a catalyst of the divide, and how a further drifting apart could be prevented. One such suggestion was to strategically use the multiplying effect of digital infrastructure for the economic development of disadvantaged regions.

**4. An education strategy for the 21<sup>st</sup> century** – how to contribute to the creation of education systems that are apt for the challenges of the present and future?

One of the topics that was identified as cross-cutting is education. It is a key ingredient for cohesive, economically successful, and future-ready societies. Several initiatives were devised to help Europeans improve their education systems, e.g. through better teacher exchanges or other forms of best-practice-sharing.

Europe is not something done to us. It is not something done for us. It is done by us.

The Mercator European Dialogue is working to transform the way politicians talk about and with each other. Turning European politics on its head, one conversation at a time. Across parties, across political ideologies, across borders.

Our network of national parliamentarians is as diverse as Europe itself.

This European network is a project by the German Marshall Fund of the United States in cooperation with the Barcelona Centre for International Affairs, the Istituto Affari Internazionali in Rome, and the Hellenic Foundation for European and Foreign Policy in Athens and is funded by Stiftung Mercator and since 2017 also by the King Baudouin Foundation.

## POLICY CHALLENGES // KEY TAKEAWAYS

### POLICY CHALLENGE 1: FUTURE OF INDUSTRIES

- An EU industrial policy is contested but could help harmonize strategic investments to foster innovation and remove inefficiencies.
- The EU's greatest innovative potential lies in its exceptionally educated workforce. Its human capital still exceeds that of China or the USA.

#### Do we need a European industrial policy?

Industrial policies in the EU were found to be insufficient to foster innovation and long-term competitiveness of European products.

A European industrial policy could set the frame to integrate national strategies for innovation and investment and thus remove inefficiencies. Others suggested that a healthy degree of competition between member states and their industrial policies would be more effective in achieving innovation, if enough investments are made in key industries.

Concretely, MPs in favor of harmonization suggested naming champion industries at the EU level to channel investments towards particularly promising sectors of the economy.

#### Education is key.

There was overwhelming agreement that education is key in making sure that Europe maintains its competitive advantage over other global players – the largest supply of highly-skilled labor in the world.

A highly skilled labor force can contribute to highly innovative industries.

”

*The future requires more cooperation.*

*Avoid policies that have had little evidence of success in the past.*

*New ideas also mean that we should allow ourselves to fail.*

*Technological innovation, especially in the industrial sector, will require more flexibility but, at the same time, governments have to provide security for companies and employees.*

*Innovation in the industrial sector will only bring prosperity and productivity gains if it is designed to be inclusive.*

”

**MED members:** Download the full MED briefing notes at [mercatoeuropeandialogue.org](http://mercatoeuropeandialogue.org). You need to log in as a member to get access. If you need help logging in, please contact Caspar Kolster at [ckolster@gmfus.org](mailto:ckolster@gmfus.org).



Albert Bravo-Biosca is Director of the Innovation Growth Lab (IGL) at Nesta. The IGL is a global collaboration of governments, foundations and researchers that develops and tests new approaches to increase innovation, support high-growth entrepreneurship, and accelerate business growth. IGL aims to make innovation and growth policy more experimental and evidence-based, to improve the design of the programs and institutions that help to make our economies more innovative and entrepreneurial. Albert holds a PhD in Economics from Harvard University, a MSc in Economics from the London School of Economics, and a BA in Economics from Universitat Pompeu Fabra. He is guest professor at the Barcelona Graduate School of Economics. He has also been a visiting economist at the OECD and consultant for the World Bank.



## POLICY CHALLENGE 2: FINANCING PROSPERITY

- Tax systems are not sustainable given eroding bases, growth of the digital economy, and tax avoidance/evasion.
- Digital business models require a fundamental redesign of taxes, e.g. through cash-flow taxes or the establishment of a digital presence

### Current tax systems need reform

Current tax systems are ill-suited for an increasingly digital era, are not well-protected against the ongoing erosion of tax-bases and tax evasion, and are not used strategically to further political goals.

### Broaden tax bases and tax more strategically

As a consequence, several participants suggested to **use taxes more strategically to achieve politically desirable outcomes**, such as employment over mechanization, environmental protection, competitiveness, and/or innovation. This could also help open up **new revenue-streams** in the face of eroding taxation on labor incomes.

### Where and how to tax large transnational companies?

The possibility to tax where a good is consumed rather than where it is produced (**Cash-flow-tax**) was debated and led to a proposal to treat, and thus tax, devices, e.g. **mobile phones**, which we use to order online goods and services, as if these **represented a physical store**.

It remains difficult to determine where exactly wealth is created in new business models; yet, establishing a physical presence remains a good entry point to attribute and calculate actual profits and subsequently tax them adequately.

### On tax harmonization

The EU Commission initiative on taxing imports instead of exports, as well as the **Common Consolidated Corporate Tax Base (CCCTB)** were discussed. The existence of different taxation systems was thought of as possibly endangering the EU project whilst simultaneously being a positive incentive for increased competition among Member States – which is bound to spike once digitalization is added into the equation.

### Cryptocurrencies

Cryptocurrencies are used to finance illegal businesses and help obscure cash-flows. However, the technology could in the long run help make taxation more effective and revenues more transparent.

”

*Mobile phones are like the digital residence of a company - a shop in your pocket*

*We need to come up with a new tax system: why not tax technologies rather than labor?*

”

### EXPERT SPOTLIGHT

Peter Chase is a Senior Fellow with the German Marshall Fund, based in Brussels. He recently left the U.S. Chamber of Commerce after six years as its Senior Representative in Europe. Prior to joining the Chamber, Mr. Chase was a U.S. diplomat for 30 years, working extensively on transatlantic economic policy issues between 1992 and 2010. During his diplomatic career, he also served from 1990 to 1992 as Director for Investment Affairs at the Office of the U.S. Trade Representative and as Legislative Assistant for Economic Policy and Foreign Affairs with Senator Bill Bradley (D-NJ). Mr. Chase, who grew up in Taiwan, received his Bachelor of Arts in Chinese Language and Literature from the University of Washington in Seattle in 1976 and his Master of International Affairs from Columbia University in 1978. He has three daughters.



## POLICY CHALLENGE 3: EDUCATING SOCIETIES

- Shift from classic education model to life-long learning can prevent structural unemployment
- Refocusing education from concrete knowledge to learning skills gives students the capacity to learn new skills independently and at a later stage

### Educational reform requires a new mindset

In most member states, reforms in education do not require higher budgets but first and foremost a change of mindset, to embrace the notion that **education and training does not stop at the high school or higher education level** but will require a **life-long investment**.

### Educational reform requires a new mindset

In most member states, reforms in education do not require higher budgets but first and foremost, a change of mindset, to embrace the notion that **education and training does not stop at high school or higher education levels** but will require a **life-long investment**.

### The political challenge: educate citizens to be fit for unknown future challenges

The main political challenge for member states seems to be in the design of education systems that can **train citizens for unknown future problems and jobs**. It was noted that a more systemic approach to education, teaching critical and holistic thinking among other things, might need to be at the core of reform efforts. While MPs agreed that educational reform is among the most pressing issues facing member states at the moment, they raised concerns regarding the implementability given the transformative nature of those reforms and strong opposition from unions in some parts of Europe.

Yet there is a window of opportunity – **studies show extremely high citizen support for education reform**.

### Rethink the role of teachers

It was agreed that education systems need to become more flexible e.g. by teaching teachers to become coaches and **facilitators of learning**.

### Involve wider parts of society

Looking at the design of education and life-long learning, MPs identified the need to involve wider parts of society, for example through **inter-generational learning**. In some member states, though, the involvement of non-public actors is regarded as influencing education as a public service provision.

### Can we incentivize people to share knowledge?

One MP suggested **tax cuts for citizens who share job-specific experience in schools**.

”

*A classroom from my childhood and a classroom of today look exactly the same. We have had a lot of reforms but not the right ones.*

*The jobs and problems of the future do not even exist but we need to train our people for them.*



Hans van der Loo is the initiator and EU Ambassador for the EU STEM Coalition (Science, Technology, Engineering, Mathematics). He has been invited as speaker at Bilderberg, COP21, European Business Summit, World Economic Forum and other conferences. From 2004 till 2012 he was Shell's Chief Lobbyist in Europe. He was member of the Advisory Council of BusinessEurope and sherpa to two Shell CEOs in the European Roundtable of Industrialists (ERT). In 2012 he joined the World Business Council for Sustainable Development (WBCSD). He was adviser to the European Commission for the review of the European Key Competence Framework. Since 2014, Hans van der Loo has been the Chairman of the Advisory Board of IIER. Hans van der Loo, holds an MBA. Following Nyenrode University he attended ESCP in Paris, Oxford and Düsseldorf and graduated in 1981.



”

## POLICY CHALLENGE 4: MODELS OF WORK

- Models of work differ significantly between member states and will become even more individual in the future. Simplistic solutions will fall short of meeting the needs of the future labor market.
- Our expectations of job stability will likely have to be lowered. To make up for the loss in consistency, people should be better prepared for a changing environment to make sure that job instability does not mean economic insecurity.

### Cookie cutter solutions will kill the European project

Copy-pasting certain models of work - for example the U.K.'s ultra-flexible system or the much-acclaimed German model - would be counterproductive in member states with a completely different economic make-up, such as the southern member states.

### A new kind of security

Security in its traditional meaning, i.e. the entrenchment of inflexible rights will not return. A return to this kind of stability would even be counterproductive given ever shorter economic cycles and more rapid technological advances. Confidence and preparedness in the face of changing circumstances should be the goal of future-oriented policies.

Nonetheless, labor rights require attention as union coverage is dropping across member states. One initiative discussed is the proposal of a law in Spain to harmonize all work contracts to create single type of contracts and providing access to proportionally equitable rights and duties.

Relaunching a **new culture of a learning society in Europe** is of strategic interest to all EU member states. Europe is uniquely placed to become a global champion of the culture of change needed to comfortably navigate, steer and adjust to the fast-paced changes dictated by the digital economy.

### A serious expansion of high quality vocational training

A co-founded public-private system of vocational training could help expand learning opportunities without breaching budgetary limits.

### Human capital in the 21<sup>st</sup> century

Technological change demands a change in social and cultural norms and mindset that could be aided by state sponsored sensitization policies.

”

*Job mobility, means job insecurity to people, it is scary and we have not managed to frame anything but a stable full-time job as reflecting success*

*In Italy if you have a short-term contract most unions will show you the door as their members are full-time, long-term contract holders – they are no longer representing the weakest and most vulnerable employees in our societies!*

*In Spain we have over-skilled people with high education degrees working low skilled jobs as we have the perception that if you do not go to university you are immediately a failure.*

”



Max Neufeind is Advisor to the German Ministry of Labor and Social Affairs and Policy Fellow of the think tank “Das Progressive Zentrum” (The Progressive Center). He is a highly regarded expert on welfare policies and the future of work and a frequently consulted speaker. Max Neufeind is member of tt30, the young think tank of the Club of Rome and active in various initiatives and dialogue fora on the future of work. He studied in Mannheim and London and holds a PhD in Applied Psychology from ETH Zurich. In 2017 he was a John F. Kennedy Memorial Fellow at Harvard University.



## POLICY CHALLENGE 5: MANAGING UNEMPLOYMENT

- Universal Basic Income is a hotly debated topic. It is often assumed to have many beneficial side-effects, but it has many critics across the political spectrum who fear that its proponents presupposes a lot of intrinsic motivation and creativity.
- There is a mismatch between jobs and the skilled labor force in several countries but the proposed strategies to overcome it diverge

The effects of intensely varied levels of unemployment across EU countries following the 2008 economic crisis reflect some of the more traditional and deeply rooted cleavages across the Union.

### Urgency is a matter of perspective...or is it?

For some member states unemployment is possibly the most pressing and urgent policy and political challenge, demanding short-term solutions. For others it is a challenge only in the context of the long-term economic transformation of societies as a consequence of digitalization and the changing nature of work.

The urgency of the issue in the social and economic national agenda, has an **immediate effect on the design of policies** to tackle unemployment and the possible role of the EU therein.

Yet, this offers Europeans an opportunity - to constructively combine both short- and long-term thinking in designing policies to tackle unemployment in the future, broadening our understanding of the causes and drivers of employment and unemployment:

An example is the need to evaluate unemployment benefits under the lens of active policies - e.g. coaching and training – combined, or in alternative to, passive policies – i.e. unemployment subsidies - was discussed.

The Members of Parliament engaged in a stimulating discussion on the moral debates surrounding unemployment schemes, for instance

on the adequacy or inadequacy of prompting unemployed workers to take up positions for which they would be over-qualified or the need for the state to create state-sponsored jobs matching the qualifications of unemployed workers.

### An idea for Europe? - "We should tackle brain drain and youth unemployment at the EU level!"

A series of imaginative solutions at the EU level were discussed, such as the need to include an assessment among EU member states of their social welfare policies and spending - including unemployment schemes- to make youth unemployment an EU level competence and to establish mechanisms to monitor (and control?) unemployment at the European level, for instance by creating a **"Common European Management Policy to Fight Unemployment"**, which would establish unemployment criteria to be respected by Member States. It remained a matter of debate whether these standards would be similarly hard to enforce as the EU's budgetary rules.

“

*I believe UBI is dangerous because it assumes a lot of initiative to find worthwhile projects to pursue - it may sound nice for us here around the table but it might not be as attractive a concept for other people.*

*We are faced with a moral dilemma - force people to take jobs or create state-sponsored skilled jobs?*

”



Kristian Weise is the Director of the progressive Danish think tank CEVEA since 2011. He has an extensive record as a consultant and advisor on growth, employment and financial policies, having worked for Poul Nyrup Rasmussen, the International Trade Union Confederation, and later for the Danish Trade Union. In 2010, he became Secretary of the Social Democratic Party in the European Parliament. Kristian Weise is member of the World Bank's Research Alliance for Development and has studied economics and political sociology in Copenhagen and London.



## POLICY CHALLENGE 6: INCLUSIVE AND SUSTAINABLE PROSPERITY

- Modernization can benefit entire societies only if it is managed in a way that ensures that social mobility is maintained or increased, and the use of resources is limited to a sustainable level. Otherwise, the tendencies of automation might lead to much greater inequality and resource exploitation.
- In order to shift policy priorities from economic growth to other indicators that more broadly capture the wellbeing of citizens and their surroundings, new metrics of wellbeing must be developed.

According to Hannes Kunz, the current state of the economy is unsustainable and will inevitably lead to a phase of economic contraction in the near future – but that isn't necessarily bad news; it could mean providing for everyone's basic needs **at consumption levels like in the 1980s or 1990s but with a higher quality of life.**

### Defining the terms "sustainable" and "inclusive"

"Inclusive", in the context of prosperity, can mean that all members of a society are not poor. But the participants quickly agreed that it is also crucial to ensure social mobility to keep societies inclusive, "Sustainability" was loosely understood as being stable in the long-term and environmentally feasible.

A number of core issues crystalized: the role of work as a source of identity vs. "just" a source of income that provides for basic needs, the role of **social mobility as a key ingredient of fair and happy societies**, the need for coordinated policies to achieve sustainable and inclusive prosperity, and the need to fundamentally question the current tax systems.

### Coordination needed

It was noted that a shift of the tax base from labor incomes to capital incomes was unlikely to take place unless it was coordinated between a group of countries because of the competitive disadvantages that would presumably accompany such a measure in the short term.

### New metrics

Several of the MPs around the table, regardless of their political background, agreed that their performance was measured against GDP growth - if there is no more growth, that is a problem not only for politicians with a strong focus on the economy, it also makes them all look like underperformers. Accordingly, there was considerable support for the idea of **finding new metrics of measuring countries' success to complement the GDP measure.** In line with such thinking the need to formulate **innovative policies for a time when employment might play a minor role in our societies than it does today.** How to define value beyond work? Most discussants agreed that **education is key** in ensuring both innovation and social mobility. The current times were seen as an age with great potential opportunities that require **courageous and long-term policy solutions** in order to benefit more than just a small portion of Europe's societies.

//

*Taxes currently incentivize investment into machines over investments in employees. This is exacerbated by the currently very low-interests.*

*We're locked into taxation of labor incomes because we need to ensure funding for the growing group of retired people.*

//

### EXPERT SPOTLIGHT

Hannes Kunz is the founder and President of the Institute for Integrated Economic Research (IIER), a non-profit economic research and consultant institution. Since the start in 2007, the IIER contributes to the development of a systematic view of the human economic system. Previously, Hannes Kunz has worked for different IT and life science companies as well as global management consultancies in Europe, the Americas, and in Asia. He is a renowned expert in economics, market analysis and human behavior.



## POLICY CHALLENGE 7: BROADER IMPACT OF DIGITALIZATION ON SOCIETIES

- Digitalization has immense transformative possibilities for the economic and social life of Europe. Yet myriad issues must be managed to ensure ethical development, widespread digital literacy, proper regulation, and privacy of citizens.
- Addressing issues in this increasingly digital world will require continual conversation on a wide range of disputed issues, issues that touch the everyday lives of European constituencies.

Digital change, technological innovation and globalization are having implications on citizens' lives, their privacy and for society as a whole. While those developments carry dangers, they also hold promises.

### Safeguard ethics in artificial intelligence

MPs discussed the ethical dimension of automated decision-making, raising the question of how to deal with discriminating behavior of algorithms. "If you see the need to regulate, it does not matter if it is a machine or a human. - "There are no machine biases, they are always human biases." However, procedures to challenge biased decision-making are extremely difficult to design. Not only is the technical detection of actual bias difficult but unintentional programming can lead to hidden biases as humans are not always aware of their own predispositions.

### Promote digital literacy and intelligibility

Since algorithmic decision making are increasingly affecting citizens' daily lives, MPs agreed that digital literacy should be one of the core competences for citizens to acquire in the 21st century. However, citizens should not need to be IT specialists to understand digitalization and its implications. Automated Decision Making has to be intelligible, as complexity must not mean incomprehensibility.

### Regulate fearlessly and based on evidence

Automated decision-making needs to be made subject to democratic control. However, MPs agreed that politicians should not be driven by fear but embrace efforts in understanding the matter in order to create more evidence-based policies. "Many policies in the digital sphere are badly designed and managed, killing innovation."

### Privacy a fake debate?

In debating the relevance of a term such as privacy in a connected world certain MPs defined the term itself as obsolete whilst others stuck to the "We choose privacy!" mantra, only to soon qualify in their remarks that social beings necessarily and throughout history give up a degree of privacy as they interact with each other in a public space. If one cannot impede the collection of data completely, a central question therefore is, what to do with the data?

”

*Don't ask a machine to be more ethical than you.*

*It is not about how much data we can collect, but how it is being used and what is allowed – and how little we need to collect in order to connect and innovate, not the other way around*

”



Matthias Spielkamp is founder and ED of AlgorithmWatch. He is co-founder and publisher of iRights.info, which in 2006 received the Grimme Online Award, Germany's premier award for online journalism. Matthias testified before several committees of the German Bundestag and is a member of the board of Reporters Without Borders Germany. He contributed to publications like MIT Technology Review and Die Zeit and was quoted by Engadget, Süddeutsche Zeitung, The Christian Science Monitor and many others. In 2017, Matthias was named one of 15 architects building the data-driven future by Silicon Republic.



## MP INITIATIVES // ADDRESSING THE MODERNIZATION CHALLENGE

In a final session, and after having been briefed by EU and OECD officials about ongoing projects, the members of the MED devised and prioritized initiatives to follow up on with the network. If you are a network member, you can download an overview of group members of each initiative [here](#).

### TRANSPARENCY IN GOVERNANCE

#### SUMMARY OF THE DISCUSSION

Corruption still poses a serious challenge to the EU's fiscal capacities and their effective allocation. A [study](#) commissioned by the European Parliament and conducted by RAND Europe estimates the **annual losses due to corruption amount to up to 990 billion euros**.

Cases of corruption vary with regard to type and policy area, ranging from **diversion of funds to manipulated public tenders** and development policy to allocation of infrastructural funds. While improvements have been suggested and are being implemented, the fight against corruption is often hindered by **insufficient implementation** of EU, OECD, or UN measures in the respective member states, or the **lack of coherent cooperation** between states and supranational structures.

#### STATE OF THE DEBATE

The MPs in this session discussed the ways to improve the transparency of the allocation of EU funds in multiple domains, including regional funds and support to local infrastructure, among others. Participants noted that while there are usually mechanisms to control funds at the national level, it is **easier for authorities not to act in a transparent way in the allocation of EU funds**. MPs thus suggested to introduce tighter control mechanisms in which groups of experts, civil society representatives, journalists, MPs, and officials would participate.

The MPs' perception is supported by corruption researchers. The allocation of EU structural and cohesion funds does in principle benefit corruption. This is particularly true for cases where the funds are discretionary and public procurement tenders can be manipulated. **The effects of EU funds on corruption have been corroborated using data both at the state and business level by different institutions.**

#### ACTORS, INITIATIVES, BEST PRACTICES

In Lithuania, the initiative "[Jonvabaliai](#)" helps rate the transparency of EU-funded projects. This helps to connect EU funding to local civil-society and improves control over the allocation of money. Perception of corruption is also affected by the new platform: citizens are now more likely to see the allocation of EU funds as transparent. This initiative is closest to what the MPs suggested during the discussion.

The **EU Commission's anti-fraud office OLAF** cooperates with the national agencies in charge of managing, certifying, paying, and auditing European Structural and Investment Funds and Agriculture Funds, as well as with the EU institutions granting them. The goal is to improve the effectiveness of anti-fraud strategies. OLAF can blacklist or "exclude" people, companies, and organizations using its Early Detection and Exclusion System (EDES), however the decision on whether and how to react to the exclusion lies with the competent member state agencies.

Further concrete proposals to curb corruption include:

- Applying the updated Cooperation and Verification Mechanism ([CVM](#)) to all member states
- Implementing a full EU-wide procurement system could reduce corruption costs by 920 million euros annually.

#### FACT:

Annual losses due to corruption in European public procurement processes are estimated to amount to five billion euros.

## POSSIBLE WAYS FORWARD

- Connect MPs with the Lithuanian “Jonvabaliai” project or have a representative give an introduction to network members, e.g. Luiz De Mello of the OECD
- Connect MPs interested in the debate through the MED website members’ area
- Inform yourself through selected reading:

“Corruption costs EU 990 Billion per Year”, on Politico: [link](#)

European Commission Fact Sheet on public procurement: [link](#)

**MED members:** Find network contacts and propose your own initiatives on our website: [mercatoeuropeandialogue.org](http://mercatoeuropeandialogue.org). You need to log in as a member to get access to the event’s documentation. If you need help logging in, please contact Caspar Kolster at [ckolster@gmfus.org](mailto:ckolster@gmfus.org).

## SUMMARY OF THE DISCUSSION

Digital businesses are not only an increasingly important part of the European economy, governments actively try to attract digital business and support the foundation of new digital companies. However, digital businesses can be particularly **tricky to tax** with traditional means. There are many notable examples of tech companies actively avoiding taxes. Given these two trends, it is **imperative for legislators to be aware of the pitfalls of taxing digital businesses** and devise strategies to prevent a gradual erosion of their tax base.

## STATE OF THE DEBATE

### What should be taxed?

One fundamental question is to determine which source of value added in the business should be taxed. The exact revenue streams of digital businesses can be opaque since their most valuable assets are often intangible. This calls into question many traditional assumptions about taxation and warrants a rethink of where tax revenue actually comes from: sales, profits on capital, ad sales, labor, or said intangible assets? These challenges have become apparent in the “Paradise Papers”. Some businesses may attribute particularly large portions of the value of a product to a production step that is performed by a subsidiary that conveniently resides in a tax haven. Product licenses have been widely used by companies to shift profits this way and avoid paying taxes on the actual value of a sold product elsewhere.

### Where should businesses be taxed?

Similarly, it is questionable where digital businesses should pay their taxes. Is a global online market-place without physical shops entitled to a different treatment than, say, a globally active car manufacturer that has physical presences in many countries? The latter is certainly taxed very differently than the former, since a physical presence usually requires at least some tax (in addition to the sales taxes) be paid in the place where the product is bought. And what about products that are sold in several countries, e.g. streaming services? Should the tax on these services only be paid in the country where the distributing company has its headquarters or rather wherever the product is consumed? Answers to these questions are in high demand as online

commerce steadily increases its market share and the world’s largest digital businesses continue to pay disproportionately low taxes in Europe.

### Which is the most appropriate form of taxation for what?

As a result of the above-mentioned taxation challenges, the question arises of which is the most adequate form of taxation for future economies? How should corporate taxes, sales taxes, and income taxes be adjusted, reformed, or removed to ensure that future tax regimes are fair, effective, and serve the overall strategic goals of governments?

## ACTORS, INITIATIVES, BEST PRACTICES

- 2014: EU Commission expert group on taxation of the digital economy
- 2015: OECD Base Erosion and Profit-Shifting framework brings together around 110 signing countries to agree to taxation standards
- 2017: ECOFIN meeting of 15-16 September in Tallinn, new tax rules for the digital economy.
- 2018: EU Commission’s proposal for a “Directive for the Fair Taxation of Digital Business”

## FACT:

Amazon paid 6.5 million euros in tax on European revenues of 21.6 billion euros in 2016

A **digital presence** is a step towards a destination-based tax on sales. It is based on the idea that any product sold via the internet should be taxed wherever the buyer is at the time of the purchase. The European Parliament has embraced this idea in its latest corporate tax plan.

Alan Auerbach and Martin Feldstein propose the concept of a **destination-based cash-flow tax (DBCFT)** that would not be levied on corporate incomes but directly on the cash flow, i.e. the transfer of money where the

product is bought. To counterbalance trade effects, the tax would be **complemented by a flat 20% import tax and a removal of all export taxes**. Experts see this as feasible, since they expect that exchange rate adjustments could make up for the apparent disadvantages for foreign companies selling in the market introducing the DBCFT. The **disadvantage** of DBCFT is that they would require **significant reform** efforts and are thus unlikely to be implemented in the short run.

- Alternative approaches have also been suggested: (1) the tightening of residence-based taxation, (2) extension of source-based taxation, (3) Better transparency and reporting rules in international taxation.

## FACT:

Germany loses up to 32.2% of its total revenue in corporate taxes because of profit-shifting to tax-havens. This is the highest estimate for any EU member state. France comes in second with 24.7%

## POSSIBLE WAYS FORWARD

- Create an MED working group on taxing digital business to exchange updates and coordinate action in national parliaments. Organize a workshop to further discuss the topic with finance experts from more parliaments
- Provide go-to expertise and an expert briefing with Peter Chase, Max Neufeind, or others
- Inform yourself through selected reading: [Link to EP study](#)
- Connect MPs interested in the debate through the MED website members' area

**MED members:** Find additional articles, briefings and other materials on our website: [mercatoeuropeandialogue.org](http://mercatoeuropeandialogue.org). You need to log in as a member to get full access. If you need help logging in, please contact Caspar Kolster at [ckolster@gmfus.org](mailto:ckolster@gmfus.org).

### SUMMARY OF THE DISCUSSION

Members of Parliament are concerned, from Austria to Greece, from Spain to Croatia, that unless properly managed, the **digitalization of economies and societies will fuel a digital divide that** further exacerbates the already strenuous disparities in economic opportunities and access to services that exist between rural areas or regions and urban centers. This dynamic is one that mirrors more general concerns regarding core vs periphery dynamics within the EU.

The challenge of providing rural areas with access to digital infrastructure recalls similar difficulties encountered in the provision of other basic services - health care, transportation, and (smart) energy grids, for example. Yet, as essential services tend to be ensured by governments, when it comes to digital connectivity the urgency is considered somewhat secondary, raising the **question of whether digital access should be elevated to a basic citizen right** and made a strategic priority on the European level.

*"E-governing will further divide and alienate offline citizens from those who are connected"*

### STATE OF THE DEBATE

Within the European Union, inequality across countries has often been replaced by growing inequality among regions within a country. The OECD defines the 'Digital Divide' as "the gap between individuals, households, businesses and geographic areas at different socio-economic levels with regard to their opportunities to access information and communication technologies (ICT) and to their use of the internet", bringing with it obvious economic implications.

The **urban-rural element of the digital divide** results in rural regions having slower internet speeds, higher prices, and worse technological choice. Across the EU only one in four rural households benefit from high-speed Internet access.

The disparities are a Europe-wide phenomenon. Indeed in terms of broadband penetration, the North-South divide emerges clearly. In five northern European states (Sweden, the Netherlands, Luxembourg, Finland and Denmark) over 90% of citizens are regular internet users, while in five southern Member States (Romania, Bulgaria,

Greece, Italy and Portugal), one in three citizens do not use the internet.

One of the most pressing policy challenges remains that of rethinking incentive structures to invest in rural areas. Where tax cuts and subsidies are often not enough to invest in rural areas, what can states do? Conditionality of public subsidies and state contracts tendered to private companies is an area which was deemed to deserve further discussion in order to better assess **through what mixture of incentives investments in rural and less economically viable areas could be guaranteed**. Members of Parliaments agree that focusing on relations with the private sector is of the essence as EU structural cohesion funds - and national equivalent measures - tend to be largely insufficient to address the lagging behind of investment in IT-infrastructure in peripheral areas.

Ideas proposed for further discussion include: better cross-border cooperation between individual member states to exchange best practices; the **automatic reinvestment of fines paid by the IT-sector** to promote the implementation of inclusive digital agenda targets; and the introduction of conditionality in legislative proposals to ensure a percentage of spending is allocated for digital infrastructures, both at the national and EU levels, every time expenditures are approved in other budget areas.

### ACTORS, INITIATIVES, BEST PRACTICES

EU funding instruments available to Member States aimed to improve broadband penetration include the new funding of the Connected Europe Facility (CEF) and the European Fund for Strategic Investments (EFSI) as well as existing structural funds grants. The structural funds are already well established in providing grants for digital inclusion and broadband projects to support EU cohesion and social inclusion. The European Regional Development Fund invested €14.6 billion in ICT projects during the 2007-2013 period, helping over five million citizens access broadband.

At the EU level the European Committee of Regions as well as the DG for Regional and Urban Policy are active in this policy area.

Indeed, the Committee of Regions is supporting the Cohesion Alliance, advocating for the EU's Cohesion Policy - aimed at reducing regional disparities – to remain a core pillar of the EU, and invites national, regional and local governments to join the alliance by signing [this declaration](#).

The Cohesion Alliance highlights the successes of Cohesion Policy – for example, the 3.5 billion invested at the EU level in digital projects which should lead to better access to broadband for 915,000 additional households and to over 1.2 million inhabitants of rural areas benefitting from improved digital services.

Wifi4EU initiative: A voucher scheme for public authorities who want to offer free Wi-Fi access to their citizens Read more about the [Wifi4EU initiative](#).

At the city level, [URBACT portal](#) offers a number of best-practices aiming to foster sustainable integrated urban development in cities across Europe. It is an instrument of the Cohesion Policy, co-financed by the European Regional Development Fund, the 28 Member States, Norway, and Switzerland. URBACT's mission is to enable cities to work together and develop integrated solutions to common urban challenges.

## FACT:

A 10% increase in broadband penetration may raise gross domestic product (GDP) by 1-1.5%, and by 2020, 90% of jobs will require some digital skills

The Portuguese case study yields two main takeaways. On the one hand it shows that broadband access in itself is no guarantee of usage. Portugal has almost 100% broadband coverage, but only around 40% of households are connected. Yet Portugal implemented an innovative funding strategy where their oportuni-dades digital roll-out program was partly funded by the auction of a “third generation” (3G) network which has contributed some €500m to the project.

In Romania, the EURO200 program, has concentrated efforts on getting poorer school children equipped with computers at home.

More info and more best practices for e-inclusion [here](#).

In Poland, Group Multiplay accepts the challenge

for the deployment of high speed connection in the Opolskie province in southern Poland. The privately-owned group relied mainly on EU funding for the execution of the project. They managed to achieve impressive numbers on connection speed. A video interview is [available here](#).

## POSSIBLE WAYS FORWARD

- MED exchange: initiate an exchange on best practices for National Parliamentarians together with the EU Committee of Regions and other actors, such as URBACT and tech companies.
- Provide go-to expertise: organize expert briefing call with Martin Bailey, DG Connect
- Support the awareness raising process in national parliaments about the various instruments, fora and avenues for exchange happening at the European level, including
  1. connect it to the Multiannual Financial Framework,
  2. make it an EP election issue
  3. make it a national or EU strategic priority so that deficit spending for bridging the digital divide can become exempt from deficit procedures

assisted by the MED team which can be tasked to gather information for proposals for parliamentary debates

- Inform yourself through selected readings:

The Economist Intelligence Unit on [closing Europe's digital divide](#)

The EP on [bridging the digital divide in the EU](#)

- Connect MPs interested in the debate through the MED website members' area

You can find out who signed up to which initiatives [here](#). Get in touch with your colleagues and let us know if we can help you take your initiative forward!

## SUMMARY OF THE DISCUSSION

Members of Parliament identified education as an important, cross-cutting issue that forms the building blocks for the many future challenges that societies face. With digitalization and globalization largely influencing the future of work, MPs agreed that the political momentum for enhanced cooperation should be used.

While most political discussions relate to skill mismatches and the re-training of workers, one main debate evolved around the more fundamental issues of education. MPs put emphasis on the need to re-focus on essentials of education, such as ethics, humanity and critical thinking that are required to prepare the next generation for unforeseen challenges.

A second important aspect concerned the impact of digitalization on education and work. Members of Parliament debated the need to draft and implement a more concrete digital education strategy, able to fill the digital skills gap that students and employees will be experiencing in the coming years.

In this regard, Members of Parliament discussed opportunities for enhanced best practice exchange between member states, in particular the sharing of specific policy programs and approaches to life-long learning and digital education.

## STATE OF THE DEBATE

Despite the fact that the issue of education largely remains a national competence, the EU has established the Education and Training 2020 (ET 2020) framework for cooperation at the EU level to support national action and address common challenges. The framework provides various avenues for cooperation and is meant to serve as a **forum for best practice exchange and support on policy reforms**. With programs such as the renewed Erasmus+ the EU has broadened its portfolio in order to offer mobility and exchanges to allow access to a larger group of citizens.

Objectives within the ET2020 include efforts to reduce the number of early school leavers, and to increase the employment rate of recent graduates and adult participation in training. Progress in these areas is defined with benchmarks whose

progress is annually published in the Education and Training Monitor. National performance levels, progress and shortcomings are published in reports and interactive maps.

Research suggests that by 2020, 90% of jobs will require some digital skills with only 44% of Europeans not having basic digital skills. In schools, only 20-25% of students are taught by teachers who are confident using technology in the classroom. The new Skills Agenda for Europe, adopted by the Commission on 10 June 2016, is trying to address some of these mismatches and launched **10 actions to make the right training, skills and support available to people in the EU**. Among other things, it includes a digital skills and jobs coalition, supporting cooperation among education, employment and industry stakeholders, was launched in December 2016 with the goal of improving the digital skills of the wider population. EU countries are now working on developing national digital skills strategies by mid-2017.

Following the Gothenburg Social Summit in November 2017, the Commission has brought forward a few initiatives, among them the formulation of a Digital Education Action Plan which aims to help **fill the digital skills gap** in Europe and addresses some of the problems identified at the 5<sup>th</sup> Mercator European Dialogue. The Plan was successfully adopted by the Commission in January 2018 and contains the development of (1) a Europe-wide platform for digital higher education, (2) dedicated training courses on open science in higher education institutions as well as (3) an EU-wide awareness campaign on online safety and media literacy.

Another promising initiative from the Gothenburg Summit on **common values, inclusive education and the European dimension of teaching**, meant to help young people understand the importance of and adhere to common values, is in the process of being developed.

Given the fast-paced digitalization of citizens' lives, the EU has started a stocktaking process, revisiting indicators and working on new objectives, in particular vis-à-vis a post 2020 strategy. Those include a **more effective cooperation in the area of education and training as well as a stronger focus on the acquisition of digital skills**.

While there is a broad range of initiatives at the European level, communication about those opportunities can be strengthened to sufficiently reach EU citizens and local policy actors.

### ACTORS, INITIATIVES, BEST PRACTICES

- The European Digital Skills Awards: The European Digital Skills Awards aim to celebrate outstanding projects developing digital competences in the areas of education and work. A repository for best practices has been created listing the award-winning projects.
- ERASMUS+ teacher exchange: Next to the student exchange program, the renewed Erasmus+ program offers various teaching and learning exchange opportunities across Europe that are specifically addressed towards teachers from a broad range of institutions, including primary, secondary, higher and adult education.
- ERASMUS+ eTwinning: The online platform gives staffers of educational institutions the opportunity to exchange best practices; for example, by sharing material and ideas on how to get students excited about mathematics. The learning community now provides information on more than 70 000 projects.
- School Education Gateway, launched in 2015, provides an outlet for the latest news and expert views on school education and provides teachers with resources for their professional development, with information on EU policies and funding opportunities and with guidance on participating in Erasmus+ activities.
- SELFIE represents an online self-reflection tool for schools in Europe that helps them see where they stand in the use of digital technologies, and recommends areas of improvement to help build a digital strategy for schools.
- Reports & studies: Recognizing the growing role that teachers hold in the light of the various educational challenges ahead, the EU has supported the conduction of a Eurydice report on teaching careers in Europe discussing the main challenges at national level in teacher supply and demand and the ways education systems address them through forward planning
- Upcoming: A new proposal to promote the quality and effectiveness of apprenticeships from the European Commission, follow this initiative here.

### POSSIBLE WAYS FORWARD

- Provide go-to expertise by connecting interested policy-actors to experts in the field, e.g. Hans van der Loo from the STEM coalition
  - Support the awareness raising process in national parliaments about the various instruments, fora, and avenues for exchange happening at the European level
1. information on concrete access for schools, teachers, universities and other actors
  2. information on best practice exchange and policy recommendations
  3. hands-on instruments for teachers, schools and other actors

assisted by the MED team which can be tasked to gather information for proposals for parliamentary debates.

- Host MP call with experts on education initiatives to bring interested MPs
- together and start a process for identifying avenues for cooperation
- Connect MPs interested in the debate through the MED website members' area

**MED members:** Get in touch with other members of the network or suggest your own project idea at [mercatoeuropeandialogue.org](http://mercatoeuropeandialogue.org). You need to log in as a member to get access. If you need help logging in, please contact Caspar Kolster at [ckolster@gmfus.org](mailto:ckolster@gmfus.org).

## PROCESS

On 2-4 March 2018, a group of 40 MPs from 15 European countries met in Paris to discuss the future of EU prosperity.

The confluence of globalization, digitalization, technological advances and demographic change are radically reconfiguring the socio-economic fiber of our societies. As contemporary modernization presents European societies with extraordinary opportunities as well as tremendous challenges, industries and workforces alike are faced with the task of adapting to new dynamics in order to remain competitive, benefit from new technologies and guarantee citizens' access to job opportunities.

These trends warrant an urgent reflection on the models of prosperity that European states will need to adopt and adapt to in order to successfully address global trends and the macro challenges of the future. Policy makers across the EU are faced with an array of highly complex and interconnected questions, and the choices of national policy-makers and national parliaments across Europe will critically shape the prosperity agenda at the national and EU level for years to come.

The Mercator European Dialogue enabled a conversation between high-level experts and policy makers on some of the key aspects of Europe's prosperity challenge highlighting good practices and initiatives at the national and European levels with a view to encouraging the exchange of country and political perspectives among national parliamentarians.

On Friday participants briefly toured Paris's start-up district, Sentier, dubbed the Parisian Silicon Valley and were offered the opportunity to interact and question actors from the French start-up scene and visit the city's center for digital art and contemporary music, la Gaité Lyrique before receiving a briefing from high-level representatives of two of France's most successful up-and-coming digital businesses, the search engine Qwant and a network infrastructure and service provider for the internet of things, Sigfox.

Parliamentarians were then provided with the chance to explore the latest developments in French politics, whilst having dinner at the historical Lapérouse restaurant on the banks of the river Seine opposite the Île de la Cité. Here, MPs spoke with Le Monde editor Sylvie Kauffmann, as well as Members of the French Parliament from government and opposition parties, touching upon Macron's reform and France's role in Europe.

On Saturday an intensive two-day participative workshop held at the NUMA innovation hub in the 2nd arrondissement, was kicked off by a discussion on the meaning of prosperity in the 21st Century and nourished by the input of leading international experts and parliamentary testimonials. Parliamentarians shared their views and experiences related to the topics of digitalization, future of work, inclusive prosperity, unemployment, broader societal impacts of technological advances, the evolution of the financial and credit markets, and more. Members discussed political challenges faced in their own member states and informed each other on their current and upcoming political agendas.

Representatives of the OECD, the EU Commission, and Digital Europe further informed the debate by offering a more in-depth look at European and international cooperation initiatives around issues of prosperity.

Thanks to breakout activities members could engage in enriching exchanges with StartNet and Viavoice, the former being a civil society organization working on a bottom-up project addressing education and employment challenges in the Italian Puglia region, the latter a think tank and pollster organization, which informed our members on the evolution of public opinion around the issues of economic insecurity.

**MED members:** A complete list of participants with contact information can be viewed on [mercatoreuropeandialogue.org](https://mercatoreuropeandialogue.org). You need to log in as a member to get access. If you need help logging in, please contact Caspar Kolster at [ckolster@gmfus.org](mailto:ckolster@gmfus.org).



## A EUROPEAN DIALOGUE BY A EUROPEAN NETWORK OF PARTNERS



Stiftung Mercator is a private and independent foundation. Through its work it strives for a society characterized by openness to the world, solidarity and equal opportunities. In this context it concentrates on strengthening Europe; increasing the educational success of disadvantaged children and young people, especially those of migrant origin; driving forward climate change mitigation and promoting science and the

humanities. Stiftung Mercator symbolizes the connection between academic expertise and practical project experience. One of Germany's leading foundations, it is active both nationally and internationally. Stiftung Mercator feels a strong sense of loyalty to the Ruhr region, the home of the founding family and the foundation's headquarters.



*Working together for a better society.*

The King Baudouin Foundation's mission is to contribute to a better society. The Foundation is an actor for change and innovation, serving the public interest and increasing social cohesion in Belgium and Europe. We seek to maximize our impact by strengthening the capacity of organizations and individuals. We also stimulate effective philanthropy by individuals and corporations. The Foundation's key values are integrity, transparency, pluralism, independence, respect

for diversity, and promoting solidarity. The Foundation's current areas of activity are poverty and social justice, philanthropy, health, civic engagement, developing talents, democracy, European integration, heritage and development cooperation. The King Baudouin Foundation is a public benefit foundation. The Foundation was set up in 1976 on the occasion of the 25th anniversary of King Baudouin's reign.



**STRENGTHENING TRANSATLANTIC COOPERATION**

The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF contributes research and analysis and convenes leaders on transatlantic issues relevant to policymakers. GMF offers rising leaders opportunities to develop their skills and networks through transatlantic exchange, and supports civil society in the Balkans and Black Sea regions by fostering democratic initiatives,

rule of law, and regional cooperation. Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.



The Istituito Affari Internazionali (IAI) was founded on 11 October 1965 on the initiative of Altiero Spinelli. The Institute's main objective is to promote an understanding of the problems of international politics through studies, research, meetings and publications, with the aim of increasing the opportunities of all countries to move in the direction of supranational organization, democratic freedom and social justice (IAI Bylaws, Article 1). It's main research areas include: EU Institutions and Politics, the EU's

Global Role, Turkey and the Neighbourhood, International Political Economy, Mediterranean and Middle East, Transatlantic Relations, Security and Defence, Italian Foreign Policy, Energy. A non-profit organization, the IAI is funded by individual and corporate members, public and private organizations, major international foundations, and by a standing grant from the Italian Ministry of Foreign Affairs.



The Barcelona Centre for International Affairs (CIDOB) is an independent and plural think tank based in Barcelona, dedicated to the study, research and analysis of international affairs. Created in 1973 as an International Documentation Centre of Barcelona, it is a private foundation since 1979. CIDOB promotes global governance and good practices – based on local, national and European democratic government – to ensu-

re that people possess the basic elements to live their lives free from fear and in liberty, by facilitating a dialogue that includes all diversities and which actively defends human rights and gender equality. CIDOB is a dynamic community of analytics that works to produce and offer to all political actors – from individual citizens to international organizations – information and ideas to formulate and promote policies for a more secure, free and fair world for everyone.



**ΕΛΛΗΝΙΚΟ ΙΔΡΜΑ ΕΥΡΩΠΑΪΚΗΣ & ΕΞΩΤΕΡΙΚΗΣ ΠΟΛΙΤΙΚΗΣ  
HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY**

ELIAMEP is an independent, non-profit and policy-oriented research and training institute. It neither expresses, nor represents, any specific political party view. It is only devoted to the right of free and well-documented discourse. ELIAMEP's mission is to provide a fo-

rum for public debate on issues of European integration and international relations to conduct scientific research that contributes to a better informed and documented knowledge of the European and international environment.

