

Imagining sustainable futures for Europe in 2050

# Imaginary 2: Unity in adversity



Faced with recurrent environmental and climate disasters, geopolitical insecurity and financial shocks, Europe has become much more unified.

The EU has a common constitution and uses stringent, top-down measures to set the boundaries for economic activity — promoting growth but prioritising the environment.

Investments in nature are heavily promoted as a means of mitigating and adapting to environment- and climate-related problems.

### **Responding to recurrent crises**

For Europe, the decades leading up to 2050 have been dire. First there was the COVID-19 pandemic, then the Ukraine war with the displacement of millions of refugees, then extreme weather events with large forest fires and floods, then heat waves resulting in high death tolls in many cities, and then heavy storms wrecking power infrastructure, and subsequently increasing levels of internal migration. Europe's socio-economic and political systems had to evolve substantially in response to worsening environmental conditions, disasters and disruptions and their financial fallout.



#### Unity in adversity

In a way, nature has provided the primary driving force for change, and European societies painfully learned their lesson. Increasing geopolitical tensions, only in part connected to climate change, contributed to this learning process. Populations across Europe concluded that dealing with these tasks required more resilient infrastructures, more efficient disaster relief systems, more climate change mitigation and adaption, more efficient governance, more European cooperation (also in the field of foreign and security policy) and much more financial resources.

# A unified Europe

In the end, recurrent disasters triggered widespread acceptance of the need for a new approach to economic development and governance and for more resilient, less consumption-oriented lifestyles. Confronted with adversity — and with growing pressures from electorates — governments of EU Member States responded by joining forces. In the late 2030s, the call for more cooperation resulted in a process that led to a European Constitution, replacing the Treaty on European Union. This created a new balance of power between the main European institutions, often expressed simplistically as 'Power to the Parliament'.

A strong, federal EU government is now in charge of ensuring Europe's resilience to climate change impacts and steering towards sustainability, primarily using stringent, top-down measures such as regulations and economic instruments. Europe's new constitution requires economic and societal stakeholders to operate within strict environmental limits as its core guiding principle – even in times

of substantial defence spending. Governments still promote economic growth as a means of sustaining employment levels and fiscal revenues, but GDP is no longer the primary measure of society's economic performance.

European governments (at the EU and federal state levels) are therefore trying to become more 'growth agnostic', looking for ways to make social well-being and the functioning of the state less dependent on increasing GDP. A more far-fetched move by some activists to use GNH (gross national happiness) instead of GDP failed because happiness proved to be a rather elusive concept. But this move indicated a subtle change in lifestyle throughout much of Europe: away from seeking happiness in high incomes, high levels of consumption and 'fun', towards a strong emphasis on wellbeing, sufficiency and steadiness. There is a widespread feeling of self-reliance and mutual help among Europeans: we survived the last crisis; together we'll cope with the next.

# An economy within strict limits

European solidarity and deepening integration offer ways to cope with the weak and uncertain growth of GDP. EU-level taxation of individuals and companies provides the basis for large fiscal transfers between regions, cushioning the effects of localised shocks and crises and enabling peripheral and other disadvantaged regions to catch up step by step and to build up resilience to climate change impacts. Coordination of tax rates on the principle 'pay tax where you make revenue' has eliminated many tax havens and enabled much more robust taxation of multinationals, including powerful tech companies.

These efforts have been further reinforced by measures to shift the tax base to include digital taxes, financial transactions taxes, progressive consumption taxes and wealth taxes. The eurozone has been greatly strengthened by the introduction of jointly issued debt, a common fiscal framework and mechanisms to limit current account imbalances. The digitalisation of the currency has further bolstered efforts to address tax evasion by greatly increasing transparency and by giving the European Central Bank much greater control over monetary conditions, helping to manage inflation and minimise unemployment.



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Political and economic integration has been further consolidated through new rules on how the European market works. Strong regulations control financial flows and current account imbalances within Europe and help reduce market instability. Corporate governance rules strengthen workers' voices and mandate maximum differences between top and bottom earners in companies. The European Parliament has also reacted to the increasing number and severity of disasters by strengthening EU laws on environmental and social governance. Strictly enforced liability for environmental damages drives better conduct while comprehensive sustainability accounting requirements enable the rewiring of financial flows.

Together these actions contribute to a shift in the role of businesses in society. Restrictions in the funding of political campaigns reduce the ability of the rich to influence the political process. Employees and the significant segment of self-employed workers have gained more influence in business life and in politics. In general, inequalities are successfully addressed through top-down policies characterised by extensive regulation and intervention to shape market outcomes.

# Investing in nature



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The increasingly severe environmental and climate pressures of recent decades have also shaped Europe's management of nature. There is a strong emphasis on investing in ecosystems to reduce impacts from climate change and environmental degradation. Controversies about 'restoring' or 'rebuilding' ecosystems (restoring the former composition of species or rebuilding by introducing new ones) have sharpened the common understanding of ongoing environmental change.

Interconnected networks of natural and designed landscape elements, such as water bodies and green and open spaces, are prominent features of urban areas, but restructuring cities in view of a changing climate poses, even in 2050, a major challenge. In many rural areas, agriculture and nature are highly integrated (e.g. by agroforests) with the aim of increasing the provision of regulating services and supporting services, thereby enhancing farming output and mitigating natural hazards. For example, soil management is adapted to increase soil biodiversity and to enhance nutrient cycling, soil formation, carbon storage and primary production.

By 2050, Europe has taken decisive steps towards sustainability and is much more resilient to disasters and shocks. It has thereby gained in stature as a global player.

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