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THE CHALLENGES OF EUROPEAN GOVERNANCE IN A RAPIDLY CHANGING WORLD

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Abstract
This paper deals with the challenges of European governance in a rapidly changing world. It discusses global upheavals, recalls the historical context of European governance, brings considerations on the nature of the EU as a political entity, analyses possible future scenarios, and outlines key factors for future success.
Keywords: *European Union; European governance; international system; history; foresight.*
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1. INTRODUCTION

This chapter is structured as follows. We shall start by discussing global upheavals. We will then highlight the fact that we are seeing a growing sense of relative European isolation in this new world: certainly not total, but one that is nevertheless increasing. We will then recall the historical context of the nature of European governance up to the mid-20th century, which included political divisions, wars, but also mutual emulation with powerful technological, economic, societal and political effects. We shall continue the presentation by discussing European integration after the Second World War. This has involved forms of supranationalism, though these have often been viewed with suspicion.

There has been economic and political integration – primarily economic at first, and then increasingly political. At this stage, we need to understand the nature of the European Union as a political entity, which will involve several issues. We will then present and analyse four possible scenarios for the future, and evaluate them. Finally, we will finish with some concluding remarks, which will outline the key factors for future success.

2. GLOBAL UPHEAVALS

Global upheavals are significant and rapid. They are having a powerful influence on Europe. The 2008 crisis and its consequences in the years that followed marked a significant turning point: the end of 'happy globalisation'. We have witnessed, in Europe and beyond, technological upheavals, a rise in inequality, a fear of social decline among many sections of society, the rise of nationalism, populism and strongmen, the weakening of the multilateral framework (whether in terms of law or institutions), the end of the peace dividends, Russian neo-imperialism, the return of war to Europe, threats to the Atlantic alliance, new American protectionism, and imperialist tendencies, as in the case of Greenland (Applebaum, 2024; Cox, 2023b; da Empoli, 2025; Reiterer, 2023).

The analytical framework for understanding Europe's situation is more of an 'outside-in' type than an 'inside-out' one, thus showing how the Old Continent is subject to powerful exogenous effects rather than being able to influence the rest of the world, with European integration becoming increasingly dependent on powerful external shocks (Segers and Van Hecke, 2024). We are witnessing the rise of an era of empires across the world (Russia, China, and now also the United States). The experiments in European integration seem even less capable of shaping the global framework, whereas they appeared to be moving in tandem from 1945 until the 2000s. The Old Continent's influence on the world is in decline. You need only look at demographics, relative economic power, military capabilities, the influence of political values and global political standing.

Our new world seems characterised by a forgetting of history, or at the very least by a desire to ignore it through a transactional approach to international relations, as practised by the Trump administration in the United States. The press is in decline, social media is booming, and countervailing powers are under threat. The historical cycles of war and peace seem insurmountable in the long term. Humanity is caught in a sort of 'myth of Sisyphus' (Cox, 2023b).

3. A FORM OF EUROPEAN ISOLATION

It is difficult for Europeans to fully grasp the scale of the changes – which have been significant and have occurred at an accelerated pace over the last twenty years or so. They are left feeling stunned. Admittedly, there are still like-minded countries around the world. For example, Canada, Australia, New Zealand, South Korea and Japan. But that is not enough. What would indeed remain of the West without the United States? Global empires are asserting themselves ever more strongly. The BRICS, a group of emerging economies, do not represent a homogeneous category, but they have been joined by the US in a shared determination to dismantle the liberal and multilateral order gradually developed after 1945 (Cox, 2023b; Zwahlen, 2020; Zwahlen, 2023).

4. THE NATURE OF EUROPEAN GOVERNANCE: HISTORICAL CONTEXT UP TO THE MID-20th CENTURY

No empire has been able to become hegemonic in Europe since the Middle Ages. The aspiration to a universal monarchy dissolved with the advent of modern Europe. Traditionally, a system of balance of power, often accompanied by wars, has prevailed. What is known as the Westphalian system was established at the end of the Thirty Years' War in 1648. It means that there is no supra-state sovereignty. International relations represent the sum of the interactions, and often the clashes, between these national sovereignties.

Europe rose to the centre of the world at the turn of the15th century, whilst China had turned in on itself. Technological progress accelerated, European actors spurred one another on thanks to a decentralised political system, and great discoveries were made. This led to colonisation, with its very dark aspects that were long kept silent.

At the heart of this order lay the tragedy of wars caused by unchecked rivalries. Wars between great powers were, unfortunately, very frequent. Europe hit rock bottom with the two world wars. It was severely weakened in 1945. It was to become heavily dependent on the United States and the Soviet Union, which were unable to see eye to eye due to their ideological, political, military, economic and social rivalries. Europe was to experience division and the Cold War (Grin, 2025b).

5. EUROPEAN INTEGRATION AFTER THE SECOND WORLD WAR

Western Europe after the Second World War was caught between intergovernmental cooperation and supranationalism. This is what has been termed the dispute between unionists and federalists. The federalists' vision remained an elitist one that did not materialise after the war. National sovereignties remained largely resilient. Unionist approaches in Western Europe after the war were certainly characterised by an openness to cooperation between states, but remained constrained by the dogma of the omnipotence of the nation-state.

The Hague Congress in 1948 led to the creation of the Council of Europe the following year, shaped by the unionist vision. The creation of the OEEC, the Organisation for European Economic Cooperation, in 1948 and of NATO, the North Atlantic Treaty Organisation, in 1949, illustrated the importance of American involvement in Western Europe. Admittedly, the US was not a member of the OEEC, but it was the driving force behind this organisation, which was set up to manage Marshall Plan aid and promote economic cooperation among recipient countries. The US has always been a member of NATO. The birth of the Atlantic Alliance demonstrated the crucial role of the United States in European security from that moment onwards. It is

understandable why, more than three-quarters of a century later, Europe's weaning off American support appears so difficult (Grin, 2022a).

The European Communities represent a different vision, incorporating a certain degree of supranationality. In fact, they were a blend of supranational and intergovernmental approaches.

The European Coal and Steel Community, the ECSC, was the first Community to exist. It was the most supranational of all the Communities because it was limited to two sectors of the economy. But coal and steel were absolutely strategic sectors. They had previously been at the heart of the countries' war effort. The ECSC made war both unthinkable and materially impossible. Innovative institutions (the High Authority, the Assembly, the Court of Justice, the Council of Ministers) were created to foster the common interest. Jean Monnet, the architect and first president of the ECSC, spoke of a federal logic (Grin, 2022a; Grin, 2025a).

The European Economic Community, or EEC, which was established in 1958, represented a move towards general economic integration. It synthesised supranational and intergovernmental approaches and pioneered the Community method. In the decades that followed, this approach proved highly effective in the regulatory sphere (Grin, 2022a; Grin, 2025a).

The interplay between economic and political integration is subtle. From the very beginning of the European Communities, the driving force was political. A supranational political structure was established, with a new set of institutions and a *sui generis* arrangement. However, the matters covered were primarily economic in nature. Historically, the European Communities promoted public policies geared more towards regulation than redistribution. With this new reality, Europe is united in trade matters vis-à-vis the rest of the world (Grin, 2022b).

The establishment of the European Union in 1993 marked a turning point, particularly in terms of the federalisation of national monetary policies. The Union has led to a more political structure at its periphery, but also a more intergovernmental one with crucial fields such as economic and fiscal policies, foreign policy, security and defence, police and judicial cooperation (Grin, 2025a).

6. THE NATURE OF THE EUROPEAN UNION AS A POLITICAL ENTITY

We will summarise the various points we consider relevant (Grin, 2025a). They are the following: methods of integration; rule of law; democracy; institutional architecture; public policies; normative power; discretionary weakness of the executive authority; categorisation; challenges of effectiveness, efficiency and legitimacy; strengths; weaknesses; Mario Draghi's call for a 'pragmatic federalism'.

Regarding methods of integration: the use of supranationality facilitates the emergence of the common interest and decision-making. Generally speaking, this approach falls short of a federal model. However, unanimity remains required for fundamental aspects: treaty reform, enlargement, the unilateral right of withdrawal, foreign policy, defence, the financing of the Union and taxation. And sometimes the decision-making processes are hybrid.

As regards the rule of law, the European public authorities are bound by the law. There is a separation of powers with independent courts; fundamental rights and freedoms are protected; and all people are equal before the law (République française, 2026).

As for democracy, the EU institutions are democratic. The will of the people is the cornerstone of everything and is respected (Levrat 2012).

As regards the institutional architecture, the legislative branch is bicameral. The European Parliament directly represents citizens, and the Council of the European Union represents the Member States through their governments. This is typical of a political federation, albeit with the additional feature that the Commission holds a monopoly on legislative initiative. This system is known as the 'Community method'. Executive power is divided between an executive par excellence (the Commission) and two institutions representing national governments (the Council of the European Union and the European Council). The judiciary is of a federal nature, with the Court of Justice of the European Union at its apex.

The public policies established are more regulatory than redistributive. The emphasis is on the creation of an internal market with accompanying policies, to which are added a monetary union, elements of an economic union (unfinished), plus elements of political union (even more unfinished).

Normative power is linked to regulatory policies. It enables the *ex ante* definition of general legal rules. These rules are sometimes adopted outside the Union (Bradford, 2020).

The discretionary weakness of the executive authority is a striking feature. Beyond the rules, the EU's political power is more limited when it comes to taking discretionary measures, often in response to crises. The EU's institutions function as a machine for generating compromises. This is unspectacular and sometimes time-consuming. The budgetary process and foreign and defence policy are typical examples of the EU's lack of discretionary power (Starcevic, 2026).

As for the question of its categorisation, the EU is partly confederal and partly supranational and federal. It is sometimes undergoing a process of political federalisation, but this is incomplete and there is no federal state (at least in the traditional sense) at the top of the Union. The question of the Union's political nature is, however, a matter of debate (Beaud, 2007; Kahn, 2026).

The EU must address the challenges of effectiveness, efficiency and legitimacy. In other words, it must do the right things, do them well, and be recognised for doing so. At Member State level, national governments appear to be the winners in this process, whilst national parliaments are often the losers (Grin, 2025a). Hence the importance of the European Parliament. As to whether the EU does the right things and does them well, one could argue that there is too much regulation, which tends to be overly complex (see the Draghi report in particular) (Draghi, 2024), and not enough discretionary executive power. The EU remains a lean structure on a continental scale, but it is sometimes difficult to achieve effective interoperability between national administrations (European Commission, 2020).

The EU has great strengths. It enables countries to unite whilst preserving their identities, in line with the motto 'united in diversity'. It is a unique construct – *sui generis*. It is a force for peace, prosperity and freedom that has broken the historical inevitability of the past.

There are also certain weaknesses: structural limitations of the Union that make the European organisation (and indeed the wider European project) complex, a lack of clarity for citizens, and a lack of a boost to democracy at Union level (Levrat, 2012). In practical terms, the rigidity of the EU's 'constitutional' framework forces a variable geometry, hence the aforementioned problems; there is a regular risk that a single state could, in certain cases, single-handedly paralyse the progress of a continent (see, in particular, the example of Hungary under Viktor Orbán). One might use the metaphor of the existence of an accelerator and numerous simultaneous brakes. The lack of discretionary power within the executive branch appears particularly problematic in these highly turbulent times for the international order (Starcevic, 2026). Perhaps too much emphasis is placed on standards. The financial resources allocated to the Union (1% of its GDP and, exceptionally, 2% for the period 2021–2027) are too limited.

Against the backdrop of a challenging global situation calling for strong and swift European solutions, the statesman Mario Draghi, former Prime Minister of Italy (2021-22) and President of the European Central Bank (2011-19), has called for 'pragmatic federalism', enabling those countries ready to do so to move forward together more quickly in order to make Europe more competitive and turn it into a true power (Draghi, 2025; Draghi, 2026).

7. FOUR POSSIBLE FUTURE SCENARIOS

The first scenario is that of the dismantling of Europe. It could unfold in the following ways: following Brexit in 2020, other countries, typically net contributors, would leave the Union (which would be particularly serious if these countries were major players); supranationalism would collapse and thus the sense of a common interest would disappear; EU law and the role of the

Court of Justice would be called into question; a form of institutional paralysis would emerge; common policies would unravel; external powers would succeed in manipulating European states and pitting them against one another. This last point would be problematic if external powers have agents they can activate within EU countries.

The second scenario is that of a Europe of economic integration and political deconstruction. Here, the EU would remain in the position of a normative power and preserve its internal market and the euro, whilst public policies would continue to exist within an economic framework. However, it would (still) fail to assert itself as a power.

The third scenario is that of a Europe of pragmatic economic and political integration. Here, Europe would remain institutionally highly complex, both within the EU and beyond; the EU itself would see variable geometry (or differentiation) develop; the supranational would not fully prevail and would not allow for the establishment of a complete political union, even if certain qualified majority votes on matters of sovereignty were accepted, albeit within strict limits; control of military force would not be transferred to the EU.

The fourth scenario is that of a federalised Europe: certain countries would agree to press ahead with political integration under a supranational, federal-style framework; they would form a core or a vanguard open to the subsequent participation of other states that would be invited to join them.

In any scenario, the situation must always be considered alongside the continent's geographical reality. It seems unthinkable that all European countries would converge towards the same model of integration. It remains to be seen, in particular, what the largest states – in the EU and outside – will do: Germany, France, the United Kingdom, Italy, Spain, Poland and Ukraine. It should be noted that the United Kingdom has been outside the EU since 2020 but is developing political and security ties with its partners on the continent. Furthermore, the difficulties in integrating Ukraine are likely to be acute (Cox, 2023a).

In terms of comparing scenarios, we would say that scenario 3 seems the most likely in the medium term, over the course of a decade or perhaps a little longer. This would be a Europe where crises and necessity drive progress, but at the same time one that faces the considerable resilience of national sovereignties and partial misalignments in the political timing of European states, which hinder progress. The EU would then not be the only strong multilateral framework in Europe; a European security pillar would likely not overlap exactly with the EU (with some states included, others excluded, somewhat along the lines of the 'coalition of the willing' working to assist Ukraine in the face of Russian aggression).

We believe that the instability of Scenario 2 must be highlighted, as it risks ultimately leading to Scenario 1. The disastrous nature of Scenario 1 cannot be

overstated, with a divided Europe, politically and economically weak, under the thumb of other world powers. This Scenario 1 could be the second most likely.

Scenario 4 would take time – for example, it took Switzerland over 500 years to achieve it (Grin, 2020). There is a high risk that the new global context will not give Europe that time. But a lesson from the history of European integration is that Europe is forged in crises and enables a shift from necessity to results.

Once again, the future seems to be a race between progress and catastrophe, harmony and chaos. It is impossible to predict with certainty who will prevail.

8. CONCLUSIONS

We would like to outline six key factors for future success. These factors are the following: competitiveness; defence of values; historical memory and citizenship; democratic channels; institutions; and security.

Firstly, European competitiveness must be promoted. This is the crowning achievement of, and gives meaning to, European economic integration. It sometimes requires more regulation, sometimes less. It demands unwavering political commitment from European leaders and a wide range of reforms in public policy. Europe must become more innovative and position itself strategically in relation to the rest of the world. Without this, the impoverishment of many citizens will continue. Without widespread prosperity, it becomes extremely difficult to sustain democracy in the long term. The reports by Enrico Letta and Mario Draghi, both published in 2024, point the way forward (Letta, 2024; Draghi, 2024).

Secondly, the defence of values must be promoted, particularly the rule of law, democracy, and human rights. This role falls not only to the EU and its Member States, but also to the Council of Europe (Berset, 2026).

Thirdly, European historical memory and the teaching of European citizenship must be promoted. These should be reinforced in education. It must be made clear that the European dimension is not intended to replace national models but to complement them.

Fourthly, democratic channels must be promoted, that is to say, strengthen the basic conditions and intermediaries of a healthy democracy in Europe. The continent needs high-quality media and political parties as well as a vibrant civil society that are strengthened at European level. This involves limiting and countering the harmful effects of social media (Berset, 2026; Levrat, 2012).

Fifthly, institutions in Europe – within the EU but also beyond – must be reformed wherever necessary, in order to translate shared interests into common frameworks for action and to prevent Europe from being divided from the outside. The key remains the same at the supranational level: identifying the areas in which states will be stronger by acting together, strengthening legislative powers with dual legitimacy at the level of citizens and states,

creating executive powers capable of making decisions and dealing with emergencies, and ensuring judicial powers that uphold the rule of law and the force of law. In other words, Europeans must therefore develop their collective power whilst preserving their soul (Grin, 2025a).

The sixth key factor for future success is security. European countries must collectively be able to deter any potential external aggressor, even without US support. To achieve this, they will need to create an efficient and resilient defence industry at the continental level. This entails adapting the current foundations of competition policy and establishing a sound link between competition policy, industrial and technological policy, and security and defence policy. Europeans must protect themselves effectively against emerging or critical threats (drones, missiles, cyber, space). In the absence of a common European command, national armed forces should become interoperable within the framework of an effective, united and US-independent common structure (it is in this sense that the Wilfried Martens Centre for European Studies has called for the creation of a 'European Security Council' going beyond intergovernmental practice) (Grin, 2025b; Grin, 2025c).

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