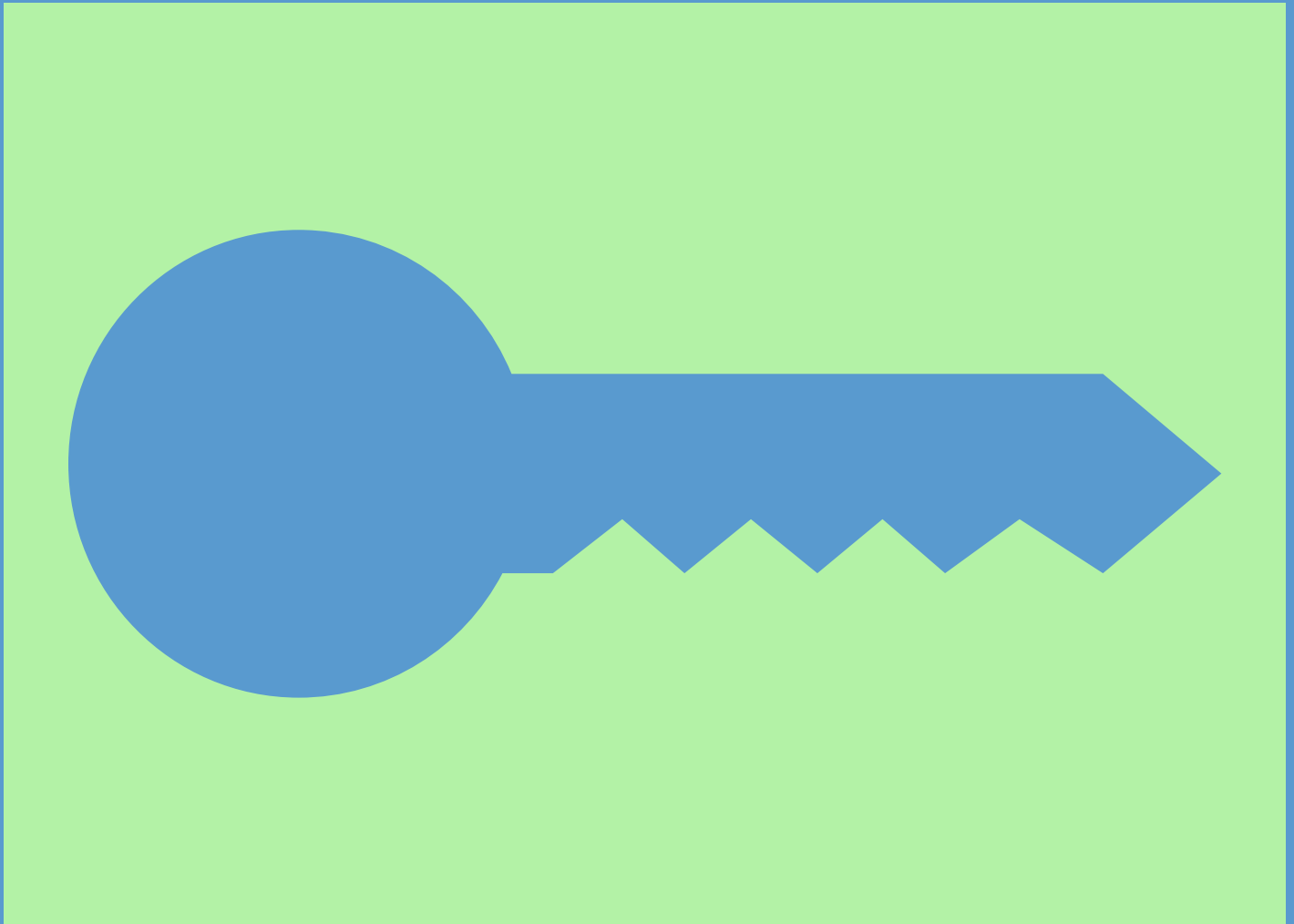




**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.
Europe



**Project
Europe 2050**



Josef Lentsch

Grand Challenges for Europe 2050

A Report for the
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Foreword: Our Liberal Legacy, Our Liberal Future

Dear liberal friends,

Looking towards 2050 is both an exercise in imagination and a call to responsibility. The Europe we will live in twenty-five years from now will be shaped by the choices we make today and the values we choose to defend.

When I think about Europe in 2050, I imagine a continent that has fully embraced its potential. A United States of Europe, not just in name, but in spirit and action. A union where internal borders are bridges, not barriers, and where diversity is our greatest strength. This Europe is confident and secure, able to defend its values and its people through a common European army that stands as a symbol of unity.

At the same time, Europe will need to navigate a rapidly changing world. Security will not only be defined by military capabilities, but also by resilience, innovation, and our ability to remain independent in critical areas. For my generation, digital sovereignty is not merely a technological ambition, it is a matter of security and a prerequisite for freedom. A Europe that relies on others for critical technologies, artificial intelligence, digital infrastructure, and cybersecurity can never be fully in control of its future.

In 2050, the EU institutions will have undergone profound reform, becoming more democratic, transparent, and inclusive. Because Europeans are no longer content with being the best at regulating.

Instead, we will be the boldest at innovating, having fostered an environment where ideas are not just nurtured in Europe but also scaled up and turned into revenue. With this, Europe will lead the world in technology, sustainability, and societal progress.

Yet some of the most significant challenges will come from within. Across our societies, we already witness growing polarization, declining trust, and fragmented public discourse. If Europe is to remain successful in 2050, we must strengthen liberal democracy and rebuild the bonds that connect us as citizens.

Generational fairness must remain at the heart of this vision. Sustainability, whether environmental, economic, or social, is not just a concern for youth, but a responsibility we all share. We know that we must act today, in the year 2026 – and not just with small gestures. Our next generation deserves boldness and vision.

The challenges ahead are significant. But so is Europe's potential to overcome them. Whenever people ask me how I remain optimistic in times of uncertainty, my answer is simple: Because I believe in the people who will shape the future.

If we remain true to our liberal values and ambitious in our vision, I am convinced that Europe in 2050 will be freer, stronger, and more united than ever before.

For freedom and liberty – today and tomorrow,

Ines Holzegger

Member of the National Council (Austria)

NEOS Spokesperson for Digitalisation, Data Protection,
Internet Policy and Consumer Protection

Former LYMEC President (2024–2026)

Purpose of the Report

The purpose of this report is to provide a human-centred horizon scan of a Europe that is little more than 25 years away. Accordingly, it identifies and addresses challenges faced by individuals of different age groups in 2050.

The report also aims to highlight the interconnected challenges of getting from here to there, taking a broad perspective. The analysis presented is distilled from interviews with a wide range of experts and desk research.

Rather than providing in-depth analysis itself, the report aims to provide a basis for further research and analysis.

It is not intended to be a representative survey, as the group of experts is too small and their views are necessarily subjective. Nor does the report develop an integrated roadmap of policy proposals, but rather provides ideas and food for thought.

The views presented do not necessarily reflect the ones of the author or the Friedrich Naumann Foundation for Freedom.

Preface

Writing an account of an entire continent more than 25 years into the future is an ambitious undertaking, to say the least. For all its complexity, it is a project that is likely to fail. Hopefully, it failed well.

The second quarter of the 21st century could go very, very wrong. Given the current state of affairs in 2024 and the path dependencies we face until 2050, the mood of the 15 interviewed experts was mostly gloomy. But it was not without glimmers of hope.

All agree that incrementalism and tinkering around the edges will not suffice to tackle the challenges outlined in this report. Paradoxically, at a time when the need for change is greatest, the appetite for change is least. Therefore, the European Mindset has been named as a separate, and indeed the first challenge that needs to be addressed.

Other adaptation challenges, such as climate change and demography, are comparatively easy to predict but very difficult to address, let alone solve. What the report makes clear is that it is increasingly not the policies that are the problem, but the politics, which often push in the opposite direction of the economic case

In all this, there is a clear role for new political leadership and for political and democratic innovation on a large scale.

For all the dangers and threats on the road to Europe 2050, the vision is clear: a Europe that is courageous, free, equal, safe, vibrant, climate-neutral, prosperous, growing and hopeful.

If this report succeeds in providing a few sparks and ideas towards this vision, it will have fulfilled its function.

Executive Summary

The FNF Grand Challenges Europe 2050 Report aims to provide a human-centred horizon scan of Europe in 2050. The report identifies and addresses challenges faced by individuals of different age groups in 2050. It highlights the interconnected challenges of transitioning to a future state, emphasising the broad perspective needed. The analysis is based on interviews with a wide range of experts and desk research, providing a foundation for further research and analysis rather than in-depth policy proposals.

Key Findings

- 1. European Mindset**
 - The need for change is crucial, yet the appetite for change is minimal. A shift in the European mindset is necessary to tackle future challenges effectively.
- 2. Climate Change**
 - Europe is warming at more than twice the global average rate. While the EU aims to be carbon neutral by 2050, significant challenges remain in mitigating the effects of climate change.
- 3. Demographic Shifts**
 - Europe is experiencing an ageing and shrinking population. By 2050, the number of individuals aged over 65 will surpass those under 15, leading to a significant transformation in society and economic prospects.

- 4. Economic Instability**
 - The European economy faces challenges due to demographic changes, public debt crises, and incomplete integration of the single market. Economic disparities within Europe are likely to deepen.
- 5. Political Fragmentation**
 - The rise of far-right movements and increasing public dissatisfaction with democracy pose threats to political stability and liberal democracy.
- 6. Technological Dependency**
 - Europe risks falling behind in technological innovation, particularly in AI and other critical technologies, leading to increased dependency on the US and China.
- 7. Health and Longevity**
 - Advances in health technology promise better health outcomes, but the escalating cost of treatments and potential health crises, such as pandemics and antibiotic-resistant bacteria, remain significant challenges.

Challenges and Their Significance for Different Age Groups in 2050

- 1. People Born in 2050**
 - Climate change and environmental degradation will significantly impact their quality of life. The education system needs reform to prepare them for future challenges.
- 2. Young Adults**
 - Economic instability and job market changes due to technological advancements and demographic shifts will affect job security and career prospects.

- 3. Elderly**
 - Health and social care systems will face increased pressure due to the ageing population, necessitating reforms in healthcare and social support.

Importance of Addressing Challenges Proactively

Addressing these challenges proactively is crucial to ensuring a stable, prosperous, and equitable Europe in 2050. Failure to act may result in exacerbated inequalities, economic stagnation, and political instability. Proactive measures will help mitigate the adverse effects of climate change, support an ageing population, and foster technological and economic resilience.

Recommendations

- 1. Foster a European Mindset of Innovation and Change**
 - Encourage a culture of innovation and adaptability to embrace necessary changes and overcome challenges.
- 2. Accelerate Climate Action**
 - Implement robust policies to achieve carbon neutrality by 2050, focusing on sustainable energy, conservation, and climate adaptation strategies.
- 3. Address Demographic Shifts**
 - Develop policies to support an ageing population, such as increasing retirement age, promoting lifelong learning, and integrating migrants into the workforce.
- 4. Strengthen Economic Integration**
 - Complete the single market and enhance economic cooperation within the EU to promote stability and growth.

- 5. Promote Political Stability and Democratic Innovation**
 - Encourage political reforms and democratic innovations to counteract the rise of extremism and restore public trust in democracy.

- 6. Invest in Technological Sovereignty**
 - Support research and development in critical technologies, reduce dependency on non-European tech giants, and foster a competitive tech ecosystem in Europe.

- 7. Reform Healthcare Systems**
 - Innovate healthcare technology and delivery, invest in preventive care, while ensuring equitable access to healthcare services to manage the health challenges of an ageing population.

By implementing these recommendations, Europe can navigate the complex challenges of the future, ensuring a resilient, prosperous, and cohesive society in 2050.

Introduction: Current Situation and Trends

At the end of the first quarter of the 21st century, Europe is in what has been called a “polycrisis” - a series of crises occurring simultaneously and interacting with each other.

War has returned to Europe. With Russia’s invasion of Ukraine, geopolitics and hard power are back on the agenda in a big way. At the time of writing, there is no realistic prospect of this war ending soon - rather, like the Soviet-Afghan proxy war in the 1980s, the trend is towards a protracted conflict that could drag on for years. At worst, it could escalate into a regional confrontation between Russia and NATO. The Israeli-Hamas war, with its potential to also turn into a regional conflict, and China’s sabre-rattling over Taiwan and in the South China Sea add to the toxic mix. All this in a year when the transatlantic partnership seems more fragile than ever, with the possibility of an incoming second Trump administration.

The second most mentioned crisis is that Europe is a rapidly warming continent - a crisis that has even less perspective of being resolved in the years to come. The trend is clear: the rate at which Europe is heating up is more than twice the global average. While the EU is leading the world in its ambition to become carbon neutral by 2050, many questions remain about how to mitigate the effects of climate change by then. With different

impacts in northern and southern Europe, and with not just losers but also winners, it is already clear that climate change will exacerbate existing political fault lines.

The third and also long-term crisis is demography. Europe is an ageing and a shrinking continent. In 2024, the number of individuals aged over 65 years is projected to for the first time surpass those under the age of 15 in the WHO European Region. According to Eurostat, the median age in the EU-27 is projected to increase by 4.5 years between 2019 and 2050, to reach 48.2 years. By the end of the century, the EU's share of the world population is expected to shrink from 6 to 4 percent. Even if demography is not destiny, as the French philosopher Auguste Comte said, it is a trend that will transform European society and the prospects of its citizens by 2050. To name just one, people will have to work for longer to finance their retirement.

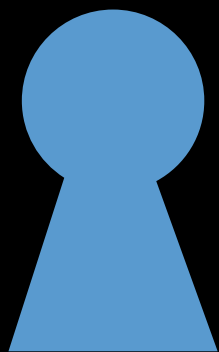
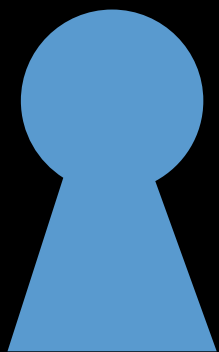
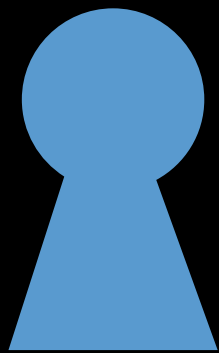
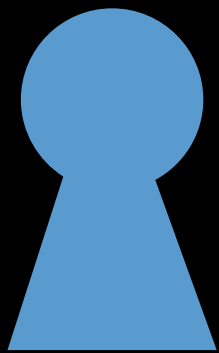
One of the key areas affected by demographic change is the European economy. Without action, the ongoing shortage of skilled workers will worsen by 2050. Loose monetary policy in the last decade, the COVID crisis and now the need for major investment in the face of climate change and war threaten to create a public debt crisis. At the same time, the European single market remains an incomplete jigsaw. European companies, while still world leaders in sectors such as pharmaceuticals, are in danger of losing touch with the world leaders in many other sectors. The internal brain drain, where talent moves from poorer European countries to richer ones, creates considerable political upheaval.

A clear trend in politics is the rise of the far right. Economic insecurity, fears of losing social status, perceptions of excessive inequality and distrust of politics mean that more and more people are voting for fringe forces not just out of protest but because of their manifestos. The extremes become part of the establishment, attacking liberal democracy from within. This is in line with growing public dissatisfaction with democracy since 2005. While its distinctiveness varies widely among advanced democracies, it is a trend that could continue in the coming years.

In technology, just as “social” was the disruptive innovation in the early 2000s, artificial intelligence will be the disruptive innovation in the coming decades. As Europe missed out on the last wave of ICT innovation, the trend is towards technological dependence on the US and also China. Their AI-powered platforms will sit below public administration systems, which poses major challenges in terms of cybersecurity and sovereignty. At the same time, Europe risks falling further behind because of data silos. GreenTech, DeepTech and defence are three areas where Europe has an opportunity both to be economically competitive and to mitigate two of the trends mentioned above.

Health is an area already being disrupted by technology. With the prospect of personalised medicine, innovations such as CRISPR-Cas and the potential interoperability of electronic health records, living to 100 is not a utopia. At the same time, the escalating cost of treatments will make rationing and prioritisation, and the potentially resulting two-tier healthcare system, a politically problematic challenge. Also, with the threat of multi-resistant bacteria, the return of diseases such as malaria due to climate change, and the possibility of another pandemic, a reversal of the overall life expectancy curve in Europe by 2050 is not out of the question.

Grand Challenges for 2050





European Mindset

“Maybe what we want are heroic ideas
rather than heroic leaders.”

Tim Gordon

Several experts cited what could be called the “European Mindset” as a challenge on the path to a best case in 2050. As multiple crises are ravaging the continent, and the economy is lacklustre, the European Union is working hard internally and externally to neutralise short- and medium-term threats. But even though institutions have proven themselves to be resilient in the face of internal and external attacks, there is a sense of a wider European malaise. The woes of an ageing society without greater aspirations?

“I think part of the damage is as we get older, we get more conservative”, says Tim Gordon of Best Practice AI, one of the experts interviewed for this report, “and we also get more scared. We turn inwards, we build barriers. And that is something that we in Europe all desperately have to avoid.”

For the first time, parents fear that their children will not have as good a life as they did, and young people agree. Worse, the ones who try to change things and build something do not get acknowledged and rewarded enough, thinks Johann Harnoss of BCG: “When you’re 24 or 25 years old, what can you do in a society to value the achievements of people who say I’m going to start something in the private sector: that this is being really seriously valued, more than it is today? That would be very helpful.”

While there is no silver bullet, many of the challenges outlined in this report are rooted in a European mindset that is afraid to think big and unsure of its ability to solve problems on its own. By over-relying on US military power, Russian resource power and Chinese manufacturing power, Europe has atrophied some of the muscles it desperately needs in the first half of the 21st century.

With the comeback of hard power, a potential new Cold War on its doorstep, ecological collapse looming and enemies of open societies in its parliaments, how can Europe summon the courage to take its destiny back into its own hands?

According to the interviewed experts, political leadership has a crucial role to play.

“It seems to me that’s almost the heart of imaginative political leadership. The 21st century is about how to tell people in ageing societies that there’s a better future”, thinks Tim Gordon.

“In politics we are basically obsessed with the tactics of the communications grid without really having a great plan behind it. We got to a place in the UK now where we literally run the British government on, as far as I can see, how do I optimise the Sunday Mail headlines. That’s the kind of algorithm that runs the British government. And that is fundamentally, totally the wrong way round. We need to find a way to move back to what’s the big picture story?”

Democratic innovation may be part of changing the European mindset.

“Maybe we have different ways of national conversations around this. Whether it’s juries or other different ways of thinking about it: how do you have more empowered national conversations to come up with these big ideas? So we focus on the ideas, the policy and how we get there, rather than the present obsession with the individual and the process and the approach we take. And it seems to me part of our problem is a trivialisation, a personalisation and immediateisation of the political game. It fundamentally undermines where politics needs to go.”

Gordon thinks we need to be building a political leadership that is about encouraging citizens to be all they can be and to create where they go and to invest in that, rather than focusing on heroic leadership.

“If I talk about the big themes, one is clearly empowering and educating citizens. Second is hopefully using that to drive big national and European stories or big projects to give people a sense of hope. It’s not just you’re turning to a technocratic view of the world - you’re turning to maybe technocratic means to deliver it, but it is really about a fundamental, big political decision. And third, a step away from the relentless focus on process and personalisation and, you know, soap opera-isation of the political process.”

Johann Harnoss of BCG finds inspiration in the US and around the world.

“What I find exciting is how the Americans approach this. They are closer

to the subject. The appreciation that people say that we want to build something, that you want to embrace an image, that this is valued, that people stand up and say that we have an idea, we want to go somewhere, we're going to tackle it. This attitude I sometimes miss in Europe, where people are always quick to recognise the many consequential problems. In economic and political terms, we perhaps need more of a culture in which we discuss areas of opportunity, formulate ambitions and then muster the energy to embark on a journey."

"This may be surprising", Harnoss continues, "but you can also see that in Saudi Arabia. They are running major projects for the future, and you can argue about their purpose. But that attracts capital. It also attracts highly qualified people from all over the world who say, I want to contribute something here. This desire for change and for new things is something that is missing in Germany and Europe as a whole at a macro level."

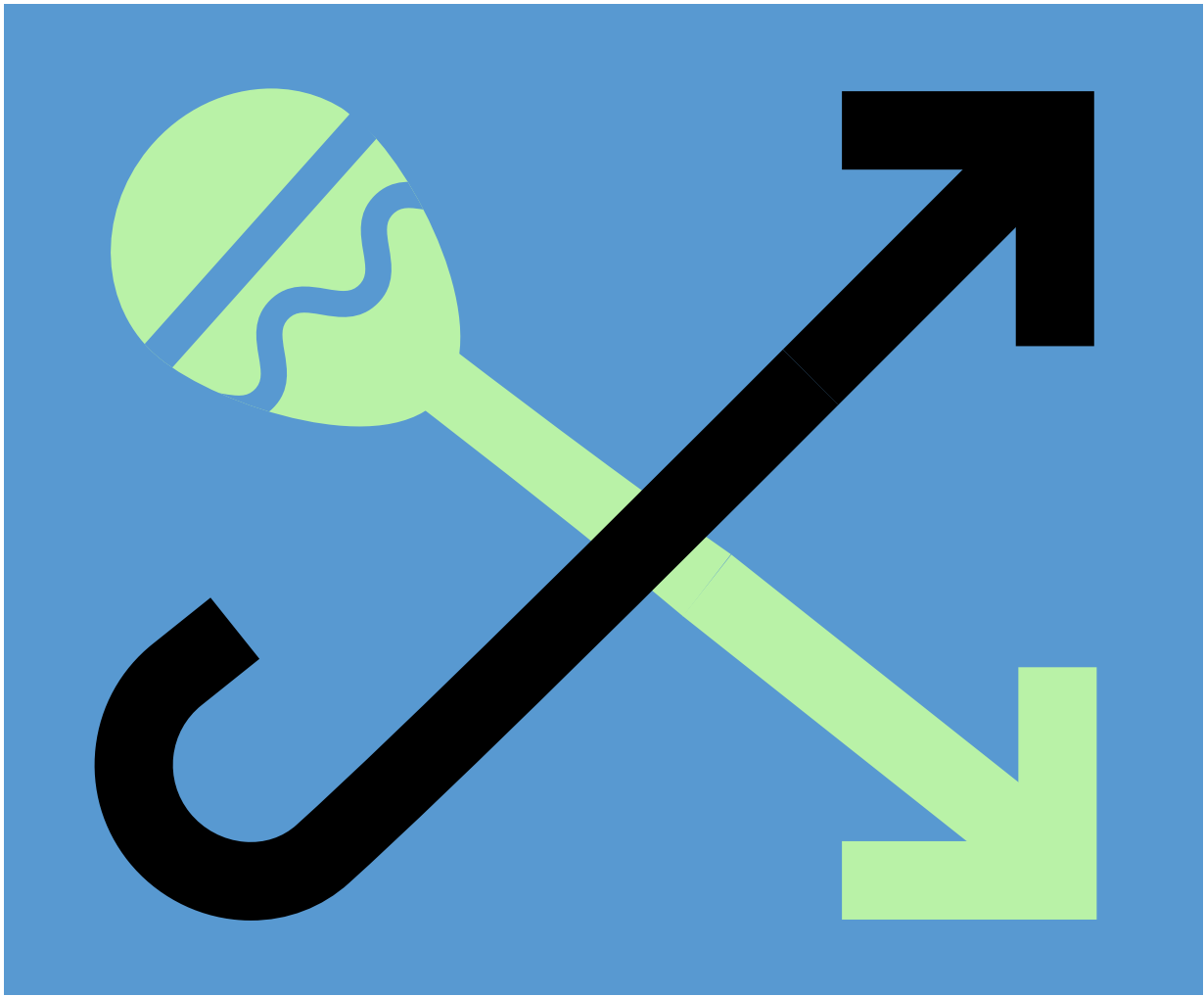
Heather Grabbe from the think tank Bruegel adds that it might not just be a European mindset that is the problem, but the "Tragedy of the Horizon": "Humans are not very good when it comes to the distant future, and prefer to think about the short term." Her wish is for EU member states to set up commissions to think about future generations, with the task to think 20, 30 or 50 years ahead. Intergenerational externalities like climate change, pollution and unsustainable finances provide the case for arguing about intergenerational justice. "Politicians think if they are too courageous, they lose elections. Future generations would be a much better frame to discuss big issues that extend beyond the timeline of just one government."

Like Gordon, Grabbe also thinks that democratic innovation can be great to help this, with an if: "Deliberative methods like citizen assemblies can be absolutely great, if they are really well run. It gives an opportunity to teach people about issues, and also provides pedagogy in the other direction: the public telling the politicians what they really think about complex issues that they've had time to learn about and consider deeply." She thinks the citizen assembly on the end of life was a good example, as was the one on abortion in Ireland. But Ireland recently had an "unfruitful one" on family and care. "Doing it badly is worse than not doing it at all - it really annoys the public."

Ideas

[European Mindset]

1. Formulate policies around major 10- and 25-year challenges at European and national levels.
2. When it comes to scaling deliberative pilots like citizen assemblies, use best practice e.g. by the Bertelsmann Foundation or DemNext.
3. Accelerate the entry of new talent into politics, for example by scaling up initiatives like JoinPolitics.
4. Shift culture by encouraging risk-taking and celebrating entrepreneurial successes more.
5. Entrepreneurship Education: Integrate entrepreneurship into school curricula to encourage risk-taking and creative problem-solving.
6. Supportive Regulations: Streamline regulatory frameworks to reduce bureaucratic hurdles for startups and innovative businesses.
7. A single European capital market with sufficient liquidity to optimise the allocation of resources, which is just as important for start-ups and scale-ups as it is for existing companies.



Demographic Shifts and Aging Population

“We should fix the roof while the sun is
shining, not in the middle of the hailstorm.”

Heather Grabbe

Europe is an ageing continent. In 2024, the number of individuals aged over 65 years is projected to surpass those under the age of 15 in the WHO European Region.

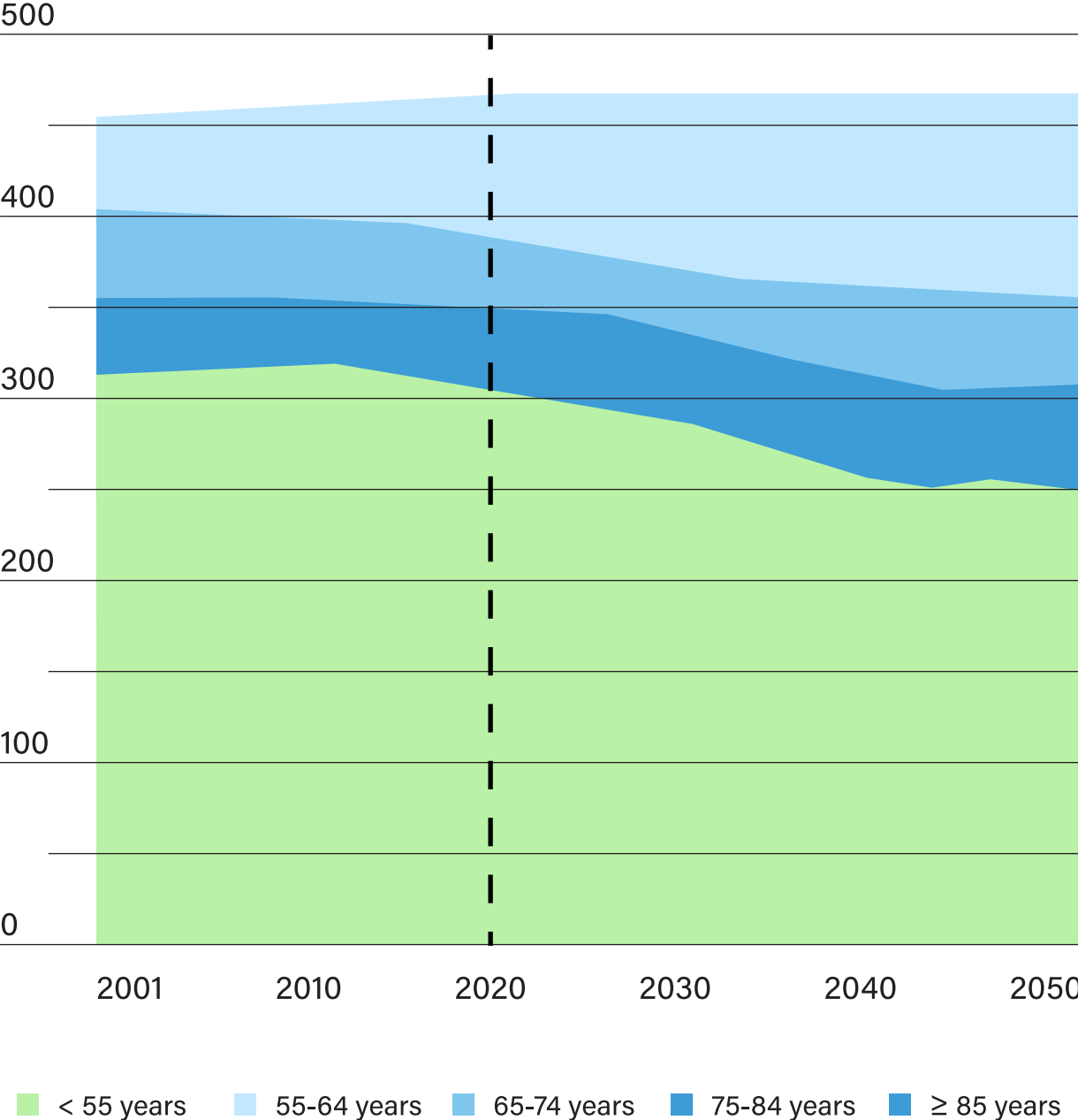


Figure 1: Population developments, by age class, EU-27, 2001-2050 (million inhabitants). Note: all data as of 1 January 2008. 2010-2012, 2014-2025 and 2017: breaks in series. 2019: provisional. 2020-2050: population according to the 2019 projections, baseline variant (EUROPOP2019). The vertical dotted line marks the divide between official historical data and EUROPOP2019 population projections. Source: Eurostat (demo_pjangroup) and (proj_19np)

It is projected that there will be close to half a million centenarians in the EU-27 by 2050.

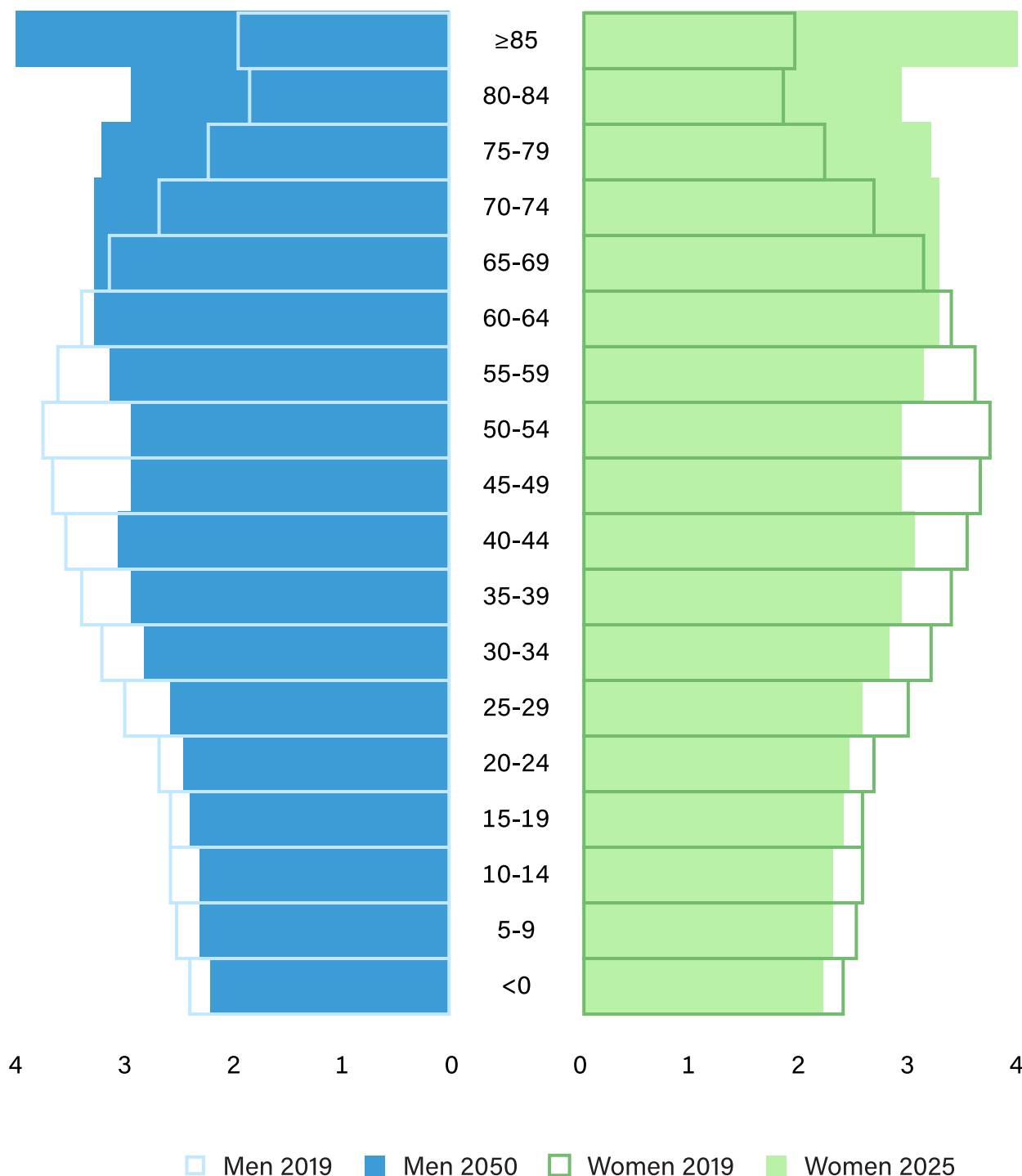


Figure 2: Population pyramids, EU-27, 2019 and 2050 (% share of total population). Note: all data as of 1 January. 2019: estimates and provisional. 2050: population according to the 2019 projections, baseline variant (EUROPOP2019). Source: Eurostat (demo_pjangroup) and (proj_19np)

In its 2017 report “Europe’s demographic future”, the Berlin Institute for Population and Development (BIPD) predicts that Europe’s population will shrink by 8.3% by 2050, from around 591 million to 542 million. In contrast, all other regions of the world - except Russia - are expected to grow, with the highest rates in Africa (105%) and the US and Canada (30.7%).

According to the BIPD, the least sustainable areas are rural regions in southern Italy, Greece, Bulgaria, Romania and Poland. These areas suffer from low fertility rates, massive out-migration and significant population ageing.

“Remote areas no longer have any means to stem outward migration – they are simply drained empty”, the authors write. Consequently, “in the future, more and more migrants will have to come from non-European countries.”

This led the conservative-leaning Fondation Robert Schuman to call this “Demographic Suicide”: “11 million potentially active workers fewer in Germany and 7 to 8 million fewer in Spain and Italy. (...) This will be a demographic shock - implosion (inside Europe) plus explosion (outside the EU).”

The Lancet published an article in December 2023 called “Securing the future of Europe’s ageing population by 2050”. The cited numbers are bleak: “Currently, in the European Union (EU), more than a fifth of the population is aged 65 years or older, with a ratio of three working-age individuals to each older person. However, projections suggest that older individuals will account for nearly a third of the population by 2050, with less than two working-age individuals for every older person.”

“This demographic shift will substantially increase the burden of chronic diseases and age-related conditions, placing substantial financial strain on health-care systems. Social welfare systems, including pensions and long-term care services, will face increasing pressure. A shrinking workforce will lead to labour shortages, potentially necessitating the extension of

retirement age or encouraging the participation of older workers. An older population could lead to reduced economic growth, productivity, and consumption, potentially slowing economic development.

According to The Lancet, these changes will impact the wellbeing of society as a whole and must be addressed proactively.

Monika Köppl-Turyňa of the think tank Eco Austria sees demography at the root of many European challenges. “Sharply declining birth rates, with few exceptions across Europe, pose a huge problem of financing the welfare state, and also in the labour market. The EU Commission published a white paper a couple of years ago, addressing the question of how long we would have to work in the future: up to the age of 75 in some regions.”

“If you have less population growth, you have less vitality, less dynamism, less diversity, the niches you have, the markets are smaller, and then it’s not worth it to start an enterprise,” says Johann Harnoss of BCG. “In the US or in Asian countries, you get the impression that there is still a larger, growing, dynamic middle class that is striving to get to the top. Not so in Europe. And why is that important? Because, on the one hand, companies lack the kind of people who could do that, but of course they also lack the end customers.”

Hidden within the overall population decline are trends in the opposite direction. A 2017 analysis from Pew Research projects that Europe’s Muslim population is expected to grow up to 14% under a “high migration” scenario - as of 2050, 75 million Muslims of a total projected population of 539 million.

Muslims are also considerably younger than the non-Muslim population: “As of 2016, France and Germany have the greatest age differences in Europe between Muslims and non-Muslims. The median age of Muslims in France is just 27, compared with 43 for non-Muslims. Germany has an equally large gap: 31 for Muslims, 47 for non-Muslims.” This presents an opportunity but also a challenge for social cohesion in some places.

What can be done? Possible measures are many and varied, including investment in family-friendly infrastructure, raising the retirement age, policies to address age-related declines in physical function that limit the productivity and independence of older people, a robust network of care services, a range of leisure activities, affordable housing, support and social services, accessible information and a comprehensive public transport network. Better support for childcare, incentives for paternal leave, flexible working hours and universal health care have shown a gradual positive effect on fertility rates, as in France, which has the highest fertility rate in Europe.

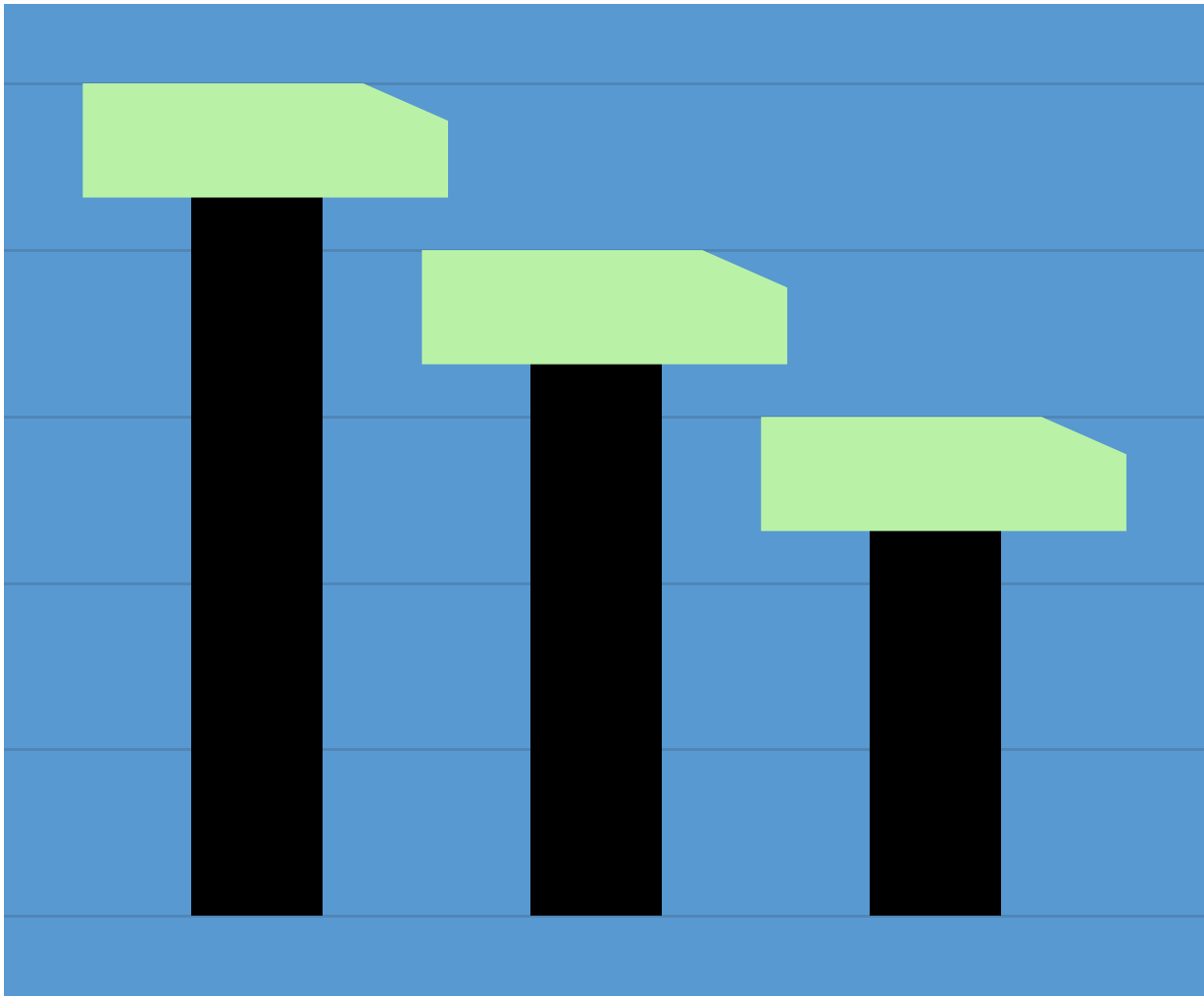
Heather Grabbe of Bruegel has an idea for “a policy that absolutely nobody wants to advocate: shift the tax system from taxing labour to taxing materials according to their environmental impact. Earned income is the easiest to tax administratively, but consumption needs to be taxed more to put a price on the externalities of pollution and biodiversity loss. That would require a new social contract, a new deal, to make it fair and not regressive. I would argue that this is an interesting solution.”

But, according to Grabbe, it would be better to discuss such a new deal now, when the public purse is still fuller than it may be in the near future.

Ideas

[Demographic Shifts and Aging Population]

1. Expand family-friendly policies, including generous parental leave, subsidized childcare, and flexible work arrangements, to support higher birth rates and enable more balanced work-life opportunities for all genders.
2. Promote targeted immigration policies that attract younger, skilled workers from non-European countries, while also investing in comprehensive integration programs to enhance social cohesion and economic contribution.
3. Introduce lifelong learning and retraining initiatives to enable older workers to remain active and productive in the labour market, combined with incentives for businesses to hire and retain ageing employees.
4. Shift the tax burden from labour to environmentally harmful consumption and resource use, creating a more sustainable and equitable economy while funding robust welfare systems and public services for all generations.
5. Invest in ageing-in-place infrastructure, including accessible housing, community-based healthcare, and digital health tools, to support the independence and well-being of an older population, reducing the strain on traditional care systems.



Labour Shortages and Anti-Immigrant Sentiment

“Migration is increasingly becoming
a Hamlet question: to be or not to be.”

Anđelko Milardović

According to a 2021 study from the Center for Global Development (CGD), the European Union and the UK will be short tens of millions of workers by 2050 due to an ageing population and insufficient levels of migration.

“Europeans are living longer and having fewer children. That’s shrinking the working-age population just as the number of retired people is rising.” That’s likely to put a severe strain on welfare systems and the social safety net, as well as slowing economic growth and prosperity for everyone.

The CGD argues that while more equal opportunities for women in the workforce and allowing people to work later in life should be prioritised, neither will close the workforce gap. “And countries like Germany and Korea, which are leaders in automation, show that robots don’t reduce the overall demand for jobs. Migration is the only answer that can fill the gap.”

According to the researchers, Europe has “one significant advantage”: its proximity to Africa. “The continent is projected to more than double its working-age population to 1.3 billion by 2050. Yet migrants from African countries are expected to fill only a small percentage of Europe’s labour gap. They estimate that only 4 per cent of Africa’s labour boom will migrate to a high-income country for work by 2050, and only one in four migrants to the EU or UK will come from Africa.”

“Africa has a growing number of young people with the drive and education to succeed in Europe, but too few opportunities at home. Europe has too few people to do the jobs that need to be done. It’s a natural fit.”

According to the CGD, the real migration crisis is that there aren’t enough migrants.

BCG’s Johann Harnoss agrees. “I believe that in ten or 20 years the picture of immigration in Europe will have changed drastically.”

When it comes to irregular migration, he believes that “what is generally well understood by researchers is very little understood by politicians and the population. There is this paradox that you can hardly stop people anyway, as we know, but if you were to replace illegal immigration with legal immigration, you would be able to channel a lot of the pressure.

I believe that this is the only way to solve the problem of irregular immigration." What does this mean in concrete terms? "It would mean creating and expanding even more legal immigration channels, especially for people who are in the area of training professions."

He found what Germany did last year with the Immigration Act for Skilled Workers very encouraging. "In the past, the language requirement for this target group of skilled workers was relatively high. Now it's lower. And you no longer have to prove your skills abroad, you can now prove them downstream. These are significant simplifications."

But more building blocks are needed. "In the next 20 years, similar things will have to happen in other countries. I think other European countries will move in a similar direction because they have to."

In line with this assessment, a 2024 report by Allianz Insurance predicts that "global competition for skilled migrants will intensify".

Not only Europe, but also major Asian and Latin American economies will undergo demographic change and compete for global talent. "With the pool of 20-39 year olds set to shrink in all regions of the world except Africa, European economies will need to step up their efforts to attract skilled migrants."

Fortunately, in addition to the Immigration Act for Skilled Workers, there are other innovations waiting to be rolled out across Europe.

"There are projects funded by GIZ and others," says Harnoss. "They are experimental in nature, and they presently find it difficult to get really big projects going that reach a large number of people. I find that very exciting."

So new funding mechanisms are needed. "Potentially not only at the programme level, but also so-called income sharing agreements, financing instruments for talented people who want to invest in a trip to Europe, and financing instruments for providers who don't want to work only as non-profits or government-funded one-off large-scale projects, but want to finance themselves privately. I think that would be an essential key."

There are also examples in the US. “The US also created a special agreement a few years ago, an association of Latin American countries, and there you can see, for example, that the number of people coming across the border illegally from Honduras or El Salvador has dropped significantly since legal immigration channels were created. If we were to dream a little bit and ask ourselves what the world would look like in 20 years’ time, I would say that we would systematically have more of these controlled, so-called skills-based immigration routes, particularly, I think, between Africa and Europe.

He sees the opportunity for a regional project: “As the environment continues to deteriorate, you can see a scenario where we could help build a new manufacturing cluster in North Africa. They will have access to essentially free solar power and potentially large labour resources, both local and transitory. If we want to move manufacturing from the Far East for security and environmental reasons then North Africa, with easy access to European markets and - hopefully - capital and expertise, is one obvious place.

However, as the Allianz Insurance notes in its report, “integration should start before immigration. In Germany, but also in France, Italy and Spain, the labour force participation of foreigners is still below the levels observed in Sweden or Switzerland. This is particularly true for female migrants. There are also marked differences in educational attainment. Cooperation with potential sending countries on vocational training, measures at company level and the introduction of language courses in schools could therefore help to attract more skilled workers and improve their employability”.

Harnoss: “The combination of migration and integration is definitely the picture of the future.

And at the end of the day, you also have to hold companies accountable. I’m always surprised when I talk to economists that companies sometimes see it as a kind of black box, or they often assume that this is exactly what

they need: Just sort out the visas and companies are smart enough to do what's good for them. To be honest, the answer is no." This means that companies also need better support.

For Tim Gordon, one thing is clear: "Fortress Europe will not work. We can build the barriers and we can do terrible things to people in the sea and we can send them back to Libya and terrible places. But I think the trend also gives us the opportunity to build a fundamentally sustainable neighbourhood."

Ideas

[Labour Shortages and Anti-Immigrant Sentiment]

1. Expand legal pathways for labor migration through regional agreements that prioritize skill-based immigration, particularly targeting Africa, while offering pre-departure vocational training and language courses.
2. Introduce financial incentives such as income-sharing agreements to support private and public sector funding of migration programs that enable skilled workers to relocate to Europe.
3. Promote integration policies that start pre-arrival, including partnerships with sending countries to provide language training, cultural orientation, and recognition of foreign qualifications.
4. Create public-private partnerships to develop manufacturing hubs in North Africa powered by sustainable energy, enhancing economic opportunities for both local and transitory migrant workers.
5. Implement corporate accountability frameworks that require businesses benefiting from skilled migrants to invest in tailored support programs for integration, such as mentorship, on-the-job training, and inclusive workplace initiatives.



Climate Change and Environmental Degradation

“What I would like to see is more honesty when it comes to our own political priorities.”

Johannes Schroeten

Climate change, like demography, is comparatively easy to predict but difficult to address. In both cases, the problem is politics.

To start on a positive note, "Europe has 2.4 times lower CO₂ emissions per capita than the United States, and 1.8 times lower CO₂ emissions per unit of GDP." (McKinsey) The EU is also one of the rare parts of the world that has reduced its emissions in recent years. With the EU 2050 long-term strategy, the Union has set itself an ambitious target: to become the world's first climate-neutral continent by mid-century.

The EU's 2050 target stands against an inconvenient truth about energy consumption: according to the consultancy Roland Berger, unless concerted efforts modify global patterns, fossil fuels are still set to top the 2050 energy mix.

"The Energy transition is obviously an important issue", says Richard Youngs of Carnegie, "not just in the sense of the EU needing to push forward with the climate transition, but in a broader and more structural sense of how the EU incorporates the climate agenda. The way the EU manages the climate transition will very strongly affect the future of democracy. And the way that democracy unfolds will in turn affect the way that the climate transition takes place."

Despite its climate ambitions, Europe is still one of the world's biggest emitters, and has achieved its reductions by outsourcing much of its pollution to China and other countries. And with the ongoing polycrisis, there is growing public opposition to prioritising the fight against rising temperatures. Despite that, "there is absolutely no time to take a pause", says Bruegel's Heather Grabbe.

The outlook brings beads of sweat to one's forehead. According to the EU Climate Prediction Group, Europe is heating up much faster than other parts of the world. Soon, summers in the Mediterranean will be "scorching", with an average increase of 3.1 degrees Celsius, 1 degree above the global average. Andalusia might experience 20 days above 40 degrees Celsius, and even in Northern Germany there will be several days above

35 degrees celsius. Near-term choices will make a big difference, but even in the “very low”-emission scenario of the IPCC, Europe will be a considerably hotter place in 2050.

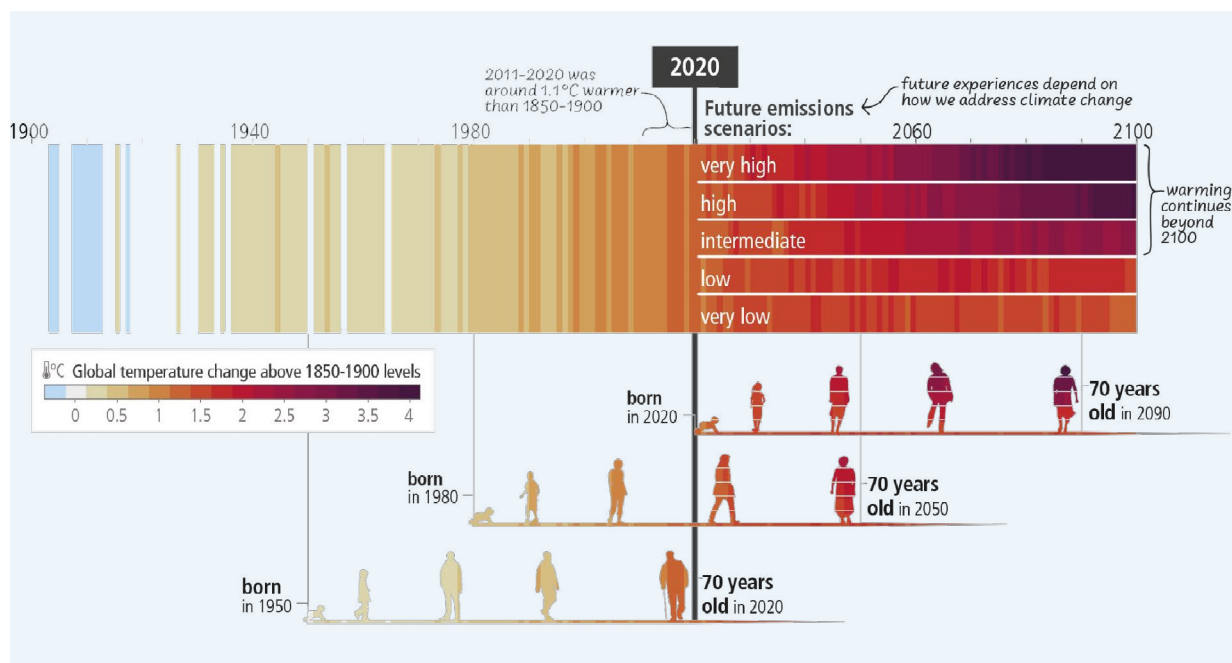


Figure 3: The extent to which current and future generations will experience a hotter and different world depends on choices now and in the near term. Source: IPCC 2023

Consequently, across Europe, heavy and torrential rains, heat waves and other types of extreme weather will become more common. “Home will no longer be safe,” as one expert puts it. At a more systemic level, the dramatic decline in biodiversity is not only a major ecological challenge but also an economic one, as more than half of the EU’s GDP depends on nature. (Roland Berger)

“Climate transition will change our industrial geography,” says Heather Grabbe. “For the past 250 years, we have had our industrial production close to coal mines and gas reserves. In the future, production could look very different. Energy-intensive industries will move out of Europe; steelmaking could move to where hydrogen is produced. What will the new map of Europe look like? Politicians are not thinking about this. Our future rust belts need forward policy ideas.”

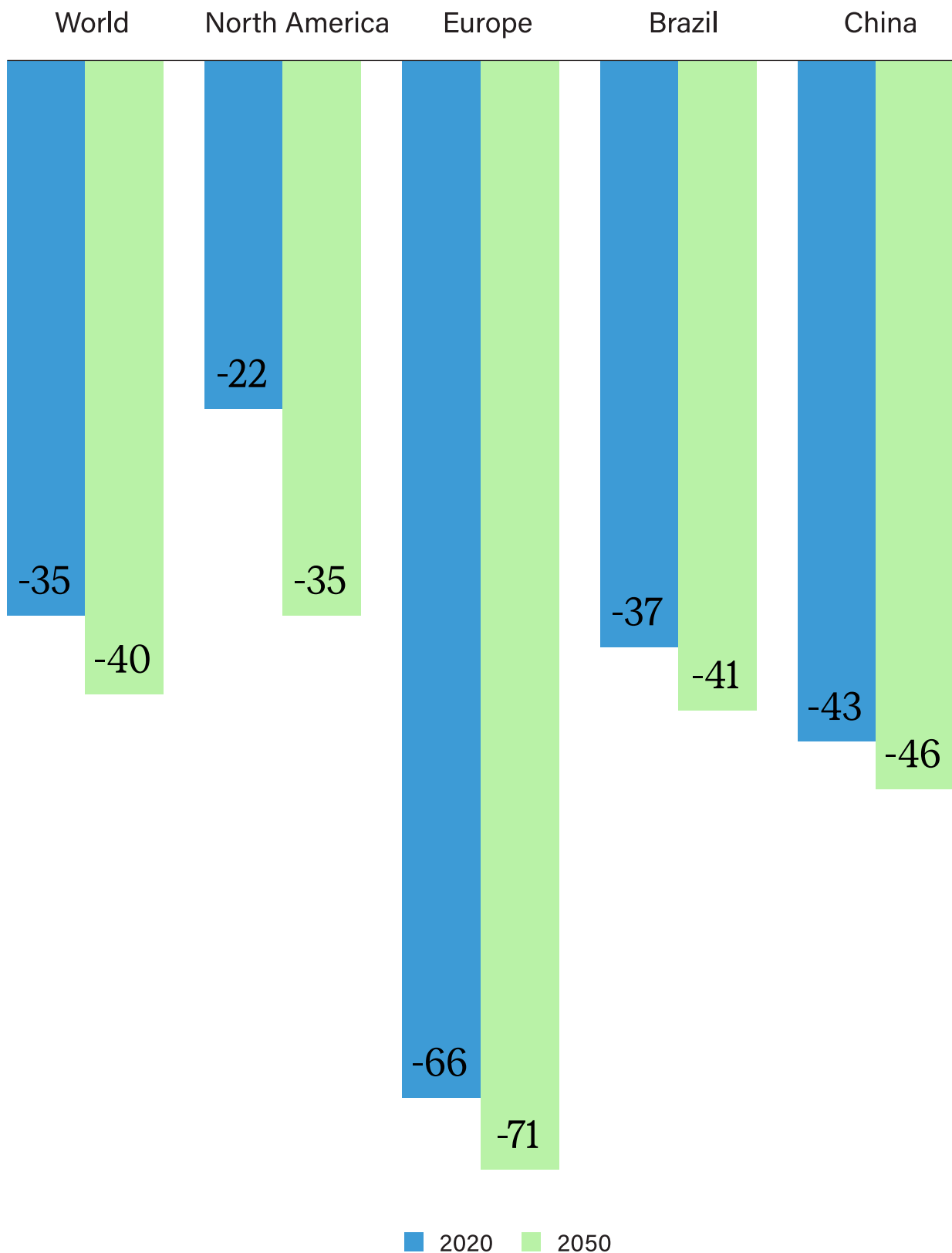


Figure 4: Terrestrial mean species abundance loss 2020 and 2050 for selected regions and countries (% loss compared to pristine ecosystem).
 Source: Roland Berger, June 2023

Monika Köppl-Turyňa also sees a big opportunity in this: “This is clearly a European issue, and an enormous opportunity to increase competitiveness. We have the chance to realise comparative advantages in energy generation - wind in Poland, solar in Spain, water in Austria,... but cross-border connections are important for this.”

The climate of European cities will also change - metropolises will undergo a climate disruption. In 2050, London’s climate might be more like Barcelona’s in 2000, Paris will be warm like present-day Istanbul.

For Bart Somers, there is also an opportunity: “Mitigating climate change could be a great opportunity for Europe - economically, industrially, but also for the urban agenda, in terms of how our cities are organised.” And he even has a track record in this area: “When I was dealing with the climate challenge as a minister, I made the local energy and climate pacts with all these municipalities, with very concrete targets. I supported them with a little bit of money, but the solutions for a lot of things came from those local communities.

In addition to using such new and innovative ways to cooperate politically, Europe has various substantial mitigation options - the most important ones being adapting electricity, buildings, land transport, and food.

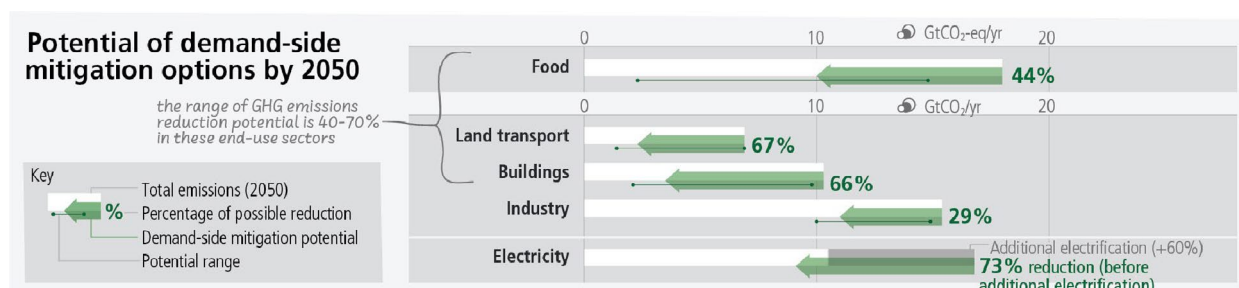


Figure 5: Potential of demand-side mitigation options by 2050. Source: IPCC 2023

While Europe will warm quicker than other parts of the world, it has the resources to accommodate. However, the individual effects of climate change will be most severe for older people. They will be at greater risk of

dying from heat stress and heat stroke. Older bodies are also worn down by heat, making them more susceptible to asthma or cardiovascular and respiratory diseases.

But as climate change does not stop at Europe's doorstep, its global impact could be felt in other ways, too. Demand for water and food are projected to both rise substantially by 2050. Furthermore, the Intergovernmental Panel on Climate Change (IPCC) estimates that sea levels will rise between 15 and 25 centimetres by 2050. Floods and droughts are two sides of the same coin. The UN estimates that 700 million people could be displaced by water stress by 2030. A World Bank report suggests that if no action is taken, there could be 216 million internal climate migrants by 2050. This is more than the combined population of Germany, France and Italy.

When it comes to climate migration, a recent note by the European Parliament Research Service on climate migration stated that "inaction risks a grim scenario". Humanitarian aid, in partnership with other global actors, is essential. Given that some European regions could become uninhabitable, there may even be a case for humanitarian aid within the EU, thinks Heather Grabbe.

Climate change also poses deeper structural questions about the EU itself. "The EU is a leader on climate issues and has already done a lot in the last 18 months to accelerate the climate transition", says Richard Youngs. "But there's still a lot of deeper political questions about how the climate agenda will affect other parts of European cooperation and European integration that I think at the moment and not fully addressed."

Johannes Schroeten, an energy and climate policy expert from Germany, agrees - progress has been made, but that brings its own new problems. The discourse needs to be changed. "Climate policy is no longer an imposition, where we talk about the costs of climate policy, but we need to make clear that it is now one of the central pillars for keeping the EU economic model viable in the long term. And I would like to see the democratic parties in particular enter into a more honest and constructive discourse and look at this: Okay, how do we implement this?"

This is not made easier by the fact that the EU and its member states have now entered the implementation phase of climate legislation, “and this is bringing its own political disputes and challenges that are perhaps no longer quite so clear and easy to communicate, but are actually about conflicting goals and battles over distribution.”

When it comes to the energy transition, says Schroeten, “we are of course already operating in a European energy system. We have the interfaces. What is missing, however, is a common market, i.e. clearly common, perhaps also a common electricity price, an exchange or something like that. All we need for a system that will honestly run predominantly on renewable energies in the long term are maximum efficiency gains that can be achieved through this. If we manage to achieve complementarity, so to speak, between the north and the south, and if one or two French players with their power plants are also involved: sorted!”

But, of course, there is the challenge of EU member states that are betting on nuclear versus those that aren't.

What Schroeten would like to see in a European treaty for energy, “would be for us to say, you do it your way, we'll do it our way, European-style, let's commit ourselves to three or four basic pillars, and these will then exist and really be established as an energy policy doctrine that we will no longer question or where we will no longer try to interfere in each other's energy mix.”

What is the potential of hydrogen in this? “The idea that we are now going to build up large capacities in Germany to produce hydrogen is just as unrealistic as the idea that the stuff will now be shipped over to us from Australia”, says Schroeten. “But I would say that the path is very much pointing towards a European hydrogen and energy system that is coordinated with neighbouring countries, where imports are then organised via points and so on.”

And how about the disruptive potential of nuclear fusion? “The short answer is that we don't expect nuclear fusion until 2050.”

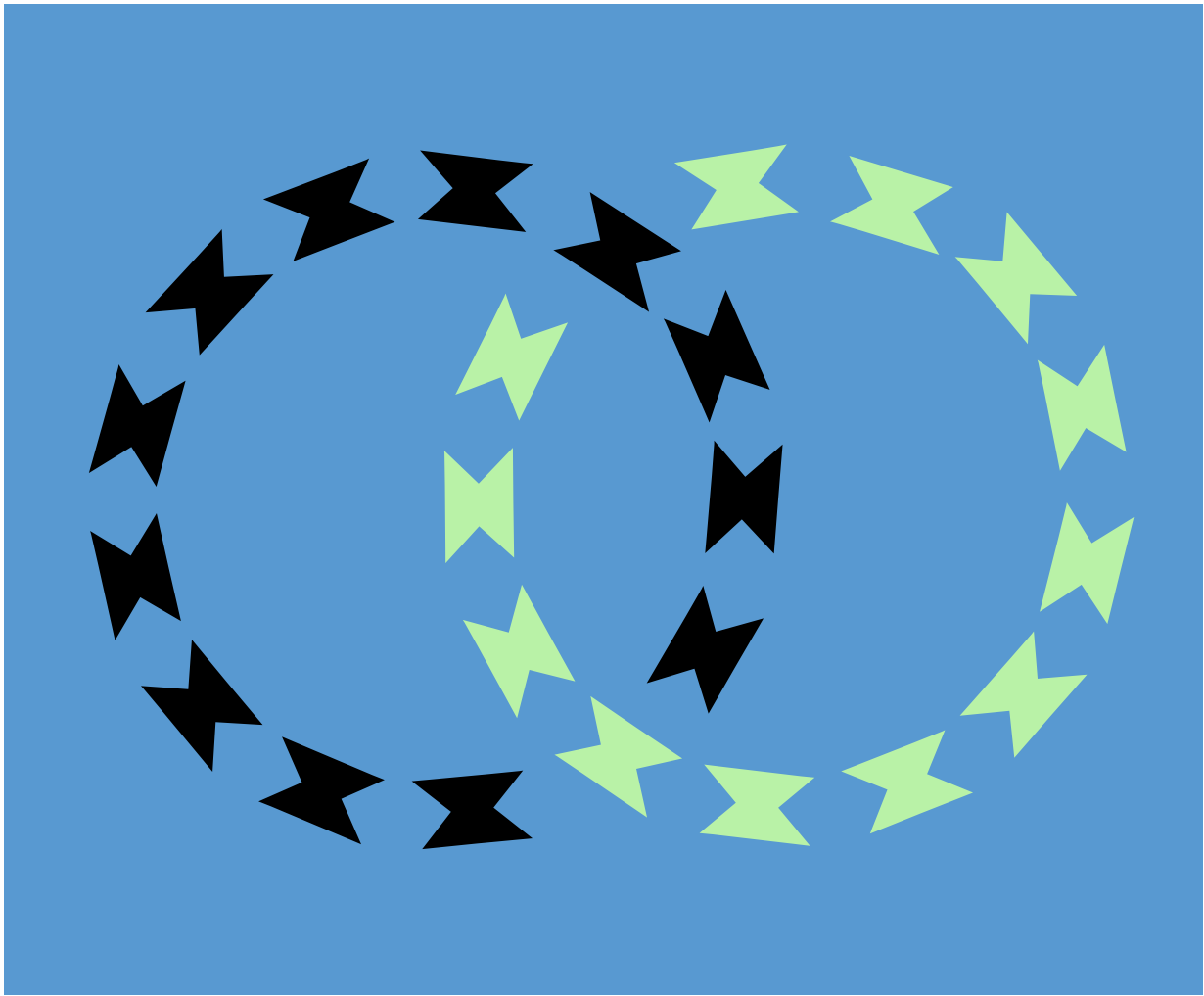
When it comes to dealing with the climate transition, business seems to be ahead of politics. A few months ago, more than 50 major German companies issued an important call for more transformation. "We are thinking more and more holistically, also across party lines, which is very, very important to us, because we know that there is a lot going on, perhaps a bit of friction," says Schroeten. "The big goal is no longer being questioned, and I would even say, on the contrary, I believe that because the transformation to climate neutrality has now been somewhat freed from this purely protective climate issue, it is now also a component when we talk about issues such as competitiveness, resilience and also really future growth and economic models."

The German Finance Minister and FDP Chairman Christian Lindner coined the term 'freedom energies.' "I'm a little disappointed that it didn't fly so well", says Schroeten, "as it actually symbolises very clearly for me what it is about."

Ideas

[Climate Change and Environmental Degradation]

- 1. Implement a Pan-European Carbon Pricing Mechanism:** Introduce a unified carbon tax across the EU that accounts for cross-border impacts, with revenue reinvested into green infrastructure and social support for vulnerable populations.
- 2. Expand Cross-Border Renewable Energy Networks:** Develop a European grid that optimises the use of renewable energy by facilitating energy trading between regions with complementary strengths (e.g., wind in the North, solar in the South).
- 3. Prioritise Just Transition Policies for Workers in High-Emission Sectors:** Establish EU-wide funds and retraining programs that support workers and communities transitioning from fossil fuel industries to green jobs, ensuring economic security and equity.
- 4. Enhance Climate Adaptation and Resilience Strategies:** Mandate that urban and regional planning integrate climate resilience measures like flood protection, heat mitigation, and biodiversity restoration, particularly in high-risk areas.
- 5. Develop a European Climate Solidarity Pact for Migration:** Create a coordinated EU framework that anticipates and manages climate-induced migration, both within and outside Europe, by linking humanitarian aid, integration support, and sustainable development initiatives.



Geopolitical Conflicts and Authoritarianism

“Russia will remain a permanent threat,
even if a peace treaty is reached, as long
as Putin or his heirs are around.”

Cathryn Clüver

In many ways, geopolitics is the hardest to project forward as it is the most dynamic domain. A week is a long time in politics, 26 years an eternity. Still, some forces that are already shaping today's world will continue to affect events in the years to come. One of them is the rise of authoritarian regimes, and the defence battle (in the case of Ukraine, literally) of democracy.

"Kantian, eternal, perpetual peace: this concept is over for the moment", thinks Anđelko Milardović, and this historic moment may last for a while. "So Europe has to think about the new geopolitical situation and its own positions."

Malgorzata Bonikowska of the Polish organisation THINKTANK sees Europe at a geopolitical crossroads.

"I think this is the greatest challenge: that we have to prove in the coming years that our model, which is based on democracy, freedom of speech, freedom of exchange of ideas, a democracy where people vote, where people argue, where people debate about their future, that this model is better in the long run than the authoritarian regimes where leaders can decide quickly".

Two authoritarian regimes that contest the West's hegemony in different ways are Russia and China. In 2050, their current leaders, Vladimir Putin and Xi Jinping, will be 97 and 96, respectively. They both will probably be dead by then. But the systems they created might still be very much alive. And their heirs will likely be in power. NATO, by the way, will only be a few years older in 2050: 101 years. So let's start there.

USA

Rarely has an election felt more critical than this November's presidential election. If Trump wins, most bets are off. His wavering support for NATO calls into question not only the future of the transatlantic partnership, but that of the global security architecture. "He could pull the USA out of the institutions of the Washington Consensus", thinks Cathryn Clüver of the Bertelsmann Foundation.

But even if Trump loses, strategic issues may be postponed but not resolved. It has been argued that the US has already started to lose strategic interest in Europe under Obama. Will the US even turn anti-European in the coming decades?

One expert does not think so: "I don't think the US would be anti-European. I think they would be indifferent to Europe. At the end of the day, Americans keep coming back to Europe because there are too many economic interests for the Americans to really become anti-European. But there will be fewer people caring about the transatlantic relationship in the future. Remember that Joe Biden will really be the last of the last generation that really cared about Europe as much."

Researchers at the Atlantic Council see a "potential for collaborative Russian and Chinese aggression in Europe and Asia simultaneously" on the horizon, and therefore argue "it is clear that US and allied policy must be composed of both deterrence and arms control options." They reason that "the best military option is for the United States and its allies and partners to maintain conventional superiority over China and Russia in both theaters simultaneously. This can be done. But it is unclear whether it will be done, given the political and financial costs of doing so. A strategy that requires such conventional superiority in both theaters that is not supported by forces credibly capable of enabling it risks deterrence failure. In that event, the United States and its allies and partners would incur the much higher costs of fighting (and potentially losing) a major power war, and risk escalation to large-scale nuclear war."

Russia

Russia is currently the greatest threat to peace and security in Europe. It will remain so for years and possibly decades to come.

"As a person coming from Georgia, the biggest challenge for the European Union, on an institutional level, is Russian foreign policy and the threats coming from Russia towards the European Union," says Mariam Bitsadze, an international relations specialist.

Anđelko Milardović sees this as part of the Russian political ideology: "Russian ideology is first and foremost war ideology:"

Over the last decade, Russia modernised and expanded its nuclear arsenal. In 2023, it suspended compliance with the New START agreement, so there is no strategic nuclear arms control in place. In parallel, Russia has switched to a war economy. The Kremlin's assumption may very well be that Europe cannot defend itself, and is not ready to act in solidarity even within its borders. It may test whether France and Germany will stand up to help defend a country in the Baltics.

"Russia is incredibly vast, suffering capacity is incredibly high", says Cathryn Clüver. "This will get worse before it gets better. Peace would have to look very different from the Minsk Agreement. Minsk is not the solution. Europe and the US will still have to stand up their full defensive capacities."

With some observers theorising that Russia might seek a confrontation with NATO already in the coming years, the question seems to be whether Europe and the US will stand there quick enough, strong enough, and aligned enough.

The military threat, however, is only one tool that Russia uses to undermine Europe. "Russia is very strongly and constantly trying to disintegrate us, to influence every single election we have in Europe. Russia is behind every single massive protest we are facing in Europe", says Malgorzata Bonikowska.

"Most far right political movements in the European Union are supported by Russia", adds Mariam Bitsadze.

What is the long game?

Russia will be needed for nuclear agreements, so it needs incentives", says Cathryn Clüver.

"But as of now we have no clear, consensus-focused plan on how to fix it."

"If you ask me, we will enter a new Cold War. This is the optimistic scenario. Another cold war in which we will wait for Russia to collapse

economically”, thinks Christian Ghinea, a Romanian publisher and activist. “The Russian state is overwhelming. Their security apparatus is not able to modernise the country, or to govern a modern economy. So we need time. We need time for our system, which means capitalism and democracy and rule of law, and which is superior by nature, to prove itself once again.”

Russia’s threats, however, have had some unexpected positive collateral effects - for example, Sweden joined NATO in 2024.

“Having Russia as the enemy has forced some European countries to become more pro-European. Putin has contributed to that”, says Birgitta Ohlsson of the National Democratic Institute.

Malgorzata Bonikowska agrees: “I believe that Russia did us a favour, because nothing connects better than a threat. We feel a common threat. Everybody sees Russia now as an aggressive power.”

China

In the 21st century, China, led by Xi Jinping, sees itself as a hegemonic rival to the West, seeking to dominate the world stage. Behind this is the idea that “China’s rejuvenation as a great power should mean stepping out confidently from under the shadow of Western hegemony” (Nathan Gardels).

China is pursuing its interests by other means than Russia - for now. This means primarily working through economics and trade. “China’s influence on the Western Balkans, Chinese trade agreements: all this will become much stronger”, says Cathryn Clüver. But the Chinese have also been active on other fronts. “The West has dismantled the web of multilateral alliances, while China has built them up.”

While China has a coherent Europe policy, Europe has no coherent China policy. It is unclear for how long Europe can afford to continue with this approach - particularly if China decides to attack Taiwan, or decides that

making common cause with Russia is in its strategic interest. In other words, will Russia be, and content to be, a junior ally to China: that will be a critical question for the next decades.

Middle East

The Middle East will remain tense for the foreseeable future. Apart from a potential regional war, long-term issues who threaten European security interests include the risk of nuclear proliferation beyond Iran, and the resurgence of the IS in Afghanistan.

Africa

“The North-South relationship is going to be a big challenge”, thinks Johann Harnoss. “Also, we need to understand that both Russia and China will have a stake at making the situation and our relationship with these countries worse. That’s a major long-term problem. The Russians and the Chinese are building their predatory relationship with Africa. But the normal market for African resources can and should be Europe. The question is, how would we build a new partnership between the Europeans and the Africans?”

Overall, the outlook is bleak - but it may not be too late for a change: “The post-WWII institutional system is no longer sufficient and has been allowed to atrophy. The course must now be reset”, says Cathryn Clüver.

But there is a problem. “The West is no longer prepared to invest the necessary amount of political, physical and financial capital. No one in the leadership or in the shadows is prepared to be completely honest about this. We will see an overall rise in defensive posture and offensive capabilities particularly among the authoritarian powers – and this posture will drive up collective risk further.”

Bart Somers, Mayor of Mechelen, thinks that Europe has to be courageous. “We have to build in this uncertain reality. And I think the next decades will remain uncertain. We have to learn again not to be dependent on the United States, because we have learned that you cannot put your money

there. You have to be on your own. Of course you need allies, friends, and connections. And the military alone is not the answer. Diplomacy, economics - there are a lot of other things we need to do. But we also have to think about the military dimension. That is the reality of today. And we must not be afraid to do that."

Towards a European Military Union

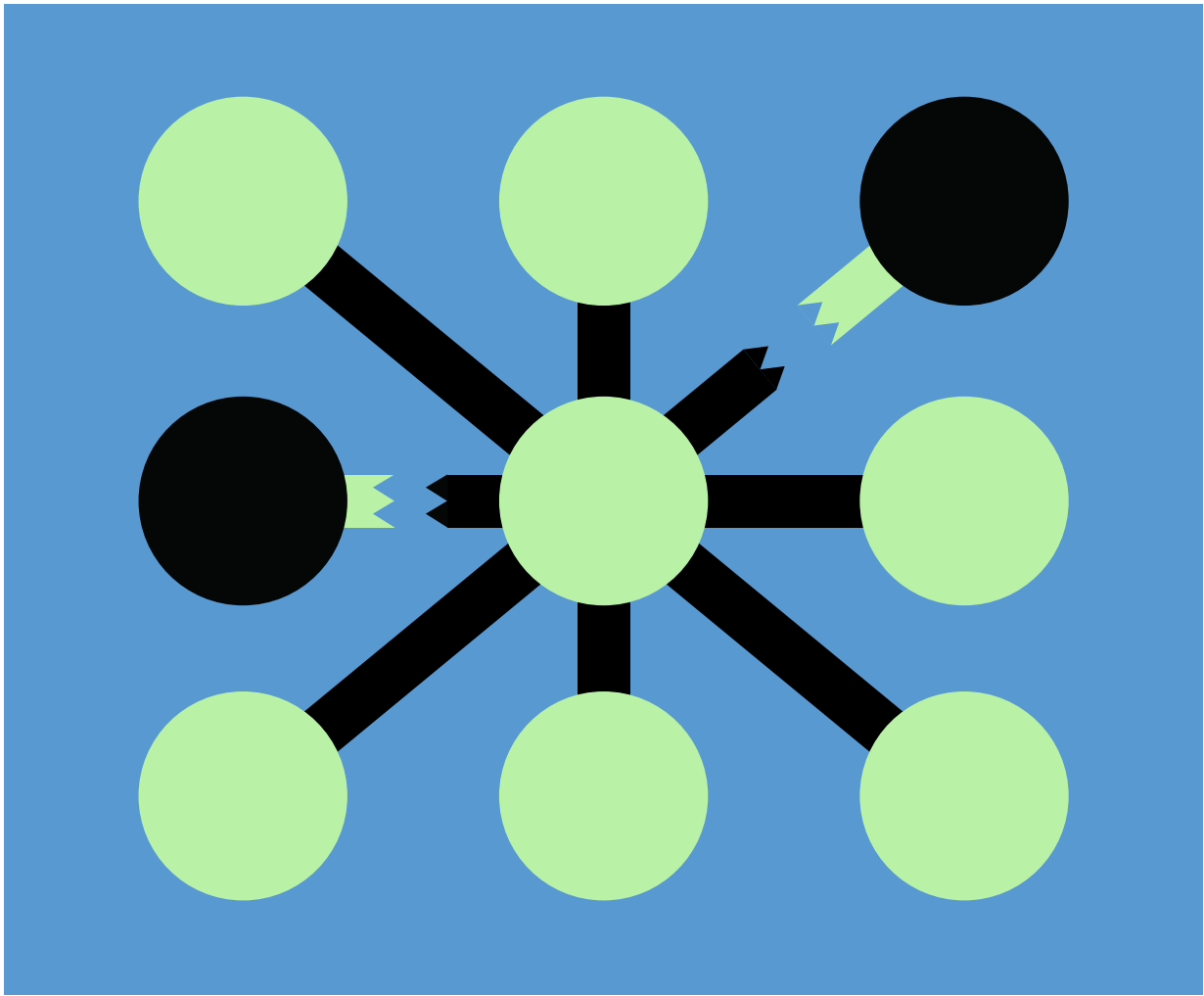
A European Military Union is one idea championed by interviewed experts. The former President of the European Investment Bank Werner Hoyer already proposed using the institution for common defence investments.

Another idea is an "Enlarged West" including South Korea, Japan, Australia, with many opportunities for strategic partnerships. "If this is deepened now - beyond the NATO outreach and G20, then the pay-off will be in 10-15 years. But the cultural differences would have to be accepted", concludes Cathryn Clöver.

Ideas

[Geopolitical Conflicts and Authoritarianism]

- 1. Strengthen Democratic Alliances**
Establish a broader coalition of democracies, including emerging global democracies, to counter authoritarian regimes through coordinated economic, diplomatic, and security measures.
- 2. Promote Strategic Autonomy in Europe**
Develop a European Military Union and invest in defence capabilities independent of the United States, while maintaining strong transatlantic ties for collective security.
- 3. Expand Multilateral Economic Initiatives**
Support global economic partnerships like an “Enlarged West” with Japan, South Korea, and Australia to reinforce democratic values and reduce dependence on authoritarian-led economies.
- 4. Increase Digital and Information Warfare Defences**
Invest heavily in countering disinformation, cyberattacks, and election interference from authoritarian states, protecting the integrity of democratic processes.
- 5. Advance Human Rights and Governance Initiatives** Prioritise international aid, trade deals, and diplomatic support for nations that uphold democratic governance, human rights, and rule of law, creating a model for sustainable development that rivals authoritarian systems.



Technological Dependency and Cybersecurity

“This is an industrial revolution where we don’t own any of the technology.”

Tim Gordon

Europe is lagging in many areas of innovation. According to McKinsey, “although Europe has many high-performing companies, in aggregate European companies underperform relative to those in other major regions: they are growing more slowly, creating lower returns, and investing less in R&D than their US counterparts. This largely reflects the fact that Europe missed the boat on the last technology revolution, lagging behind on value and growth in information and communications technology (ICT) and on other disruptive innovations.”

At the heart of the problem is technology: “Corporate Europe is falling behind as tech weakness permeates sectors.”

When it comes to technology in general and AI in particular, the adage ‘designed in Cupertino, built in Shenzhen and regulated in Brussels’ rings true.

“Europe is clearly a regulatory superpower”, says Tim Gordon of Best Practice AI, “and all of us are going to have to go to Brussels for the rules that come out around AI and other things in the future. But that’s not the same as being the people who define the future.”

In the world of AI, Gordon says, Europe is not a really serious player. “And it’s hard to be a serious player, because essentially we’re on a path dependent choice - we don’t have any of the big tech platform companies with possible exceptions of SAP and a few others. It’s not by chance that the people who are building the big tech, the big AI players, are essentially the winners of the noughties technology battle.”

But while Europe was the place where the industrial revolution of the 19th century took shape, it largely missed the last technology revolution in the early 2000s, when ‘social’ began to disrupt everything from media to commerce, reshaping the way people connect, communicate and consume products and services. As a result, most of the key technologies are already in the hands of non-European players.

“Microsoft won the personal computing battle, then Google won the data battle - and those companies not only have got a big consumer platform

play with the ability to distribute content and build tools through data, they've also got large cloud businesses. And the cloud businesses are where fundamentally the money is made in this space. It's very hard to see Europe coming back into this current wave of AI."

It may go different directions, says Gordon, but even Mistral, "which clearly has been set up as a sort of European champion, has ended up having to essentially do a deal with Microsoft to get to a place where it needs to get to."

For Gordon, the risk is that the world is moving in a direction where AI-powered platforms owned by the US or China will sit underneath all of Europe's critical systems, like education, workforce, politics and justice.

"They're going to sit below our national services. They're going to become the way we talk to each other, and we almost end up talking through these platforms." Given the different data regimes, particularly in China, it is clear that this poses significant cybersecurity challenges.

"So our real problem, I think, is that there's a real question of sovereignty here for Europe 2050, which is: are we comfortable in a world where we're still dependent on the US for the next 20 or 30 years? What's Europe's game in the technology space?"

The link with the demographic challenge makes this question even more pressing, "because clearly, as your population ages you want to use these tools more and more, to find ways to support an ageing population and basically keep people productive in the economy for longer".

"And I think one thing we need to think through is, is there an alternative model? Is there something, a different sort of governance mechanism? Is there a different approach to the stuff or do it, or are we sort of stuck in this place?"

Johannes Schroeten also sees the need for more ambition and alignment: "Europe does not have a unified answer to the question of what competition for the technologies of the future will actually look like."

China, in contrast, does. Gordon: "China is going to have its own domestic AI tech industry that is going to be as big, if not bigger than anyone else. China has various advantages. Clearly they've got more data. They've also got a hyper competitive market."

But the question of technological sovereignty isn't just about economics, says Tim Gordon: "I think there's a bigger question here, which is if you think about the battles of liberal democracy versus absolutism. In the 19th and 20th centuries, liberal democracies won because we gave people better outcomes. And that's how fascism was defeated, that's how communism was defeated. That's how French absolutism was defeated, because ultimately freedom gave people better economic outcomes. And I think one of the challenges we have in the AI age is: I'm not sure it's going to be that obvious."

He cites healthcare as an example: If the system knows what you have for breakfast, how you are getting on with my family, your emotional state, what you're reading, how you slept, what's going on with your entire health history since even before your birth, your education levels, your travel patterns, what pollution you are taking, "that is going to give you a better health outcome than if you turn up to the doctor and say, hello doctor, I've got a cough."

Gordon thinks that ultimately, states and platforms which concentrate information and know more about their users than anyone else will end up being very privacy sensitive. "And I think that's the really big political question and technological question, the organisational question that we all face. And America, clearly, with its 'surveillance capitalism' on these big platforms has gone in the other direction."

Long term positive regulation is a way to build sustainable competitive advantage, according to Gordon: "You set the rules, and you put people in a good place."

One of the interesting questions for Gordon is how Africa, South America and the rest of Asia will embrace these technologies: "Who do they turn to? The US will turn up and say, look, here are our big hyperscalers -

they're American, but they can offer you a, for example, business platform service localised with a peso sign instead of a dollar sign. Off you go. But China is also going to turn up and offer complete systems. It'll say, look, here, for example, is your secure city platform. All the computers, all the cameras, all the algorithms. It's tried and tested and you can run it well. Crime will be controlled and it's available out of a box. Embedded in both of these are an approach to societal organisation that may be very different to ones that Europeans, or indeed locals on the receiving end, may be comfortable with."

Can Europe turn up and offer something different now? Gordon is afraid that it can't. He sees the European mindset challenge kick in. "We don't have the outward ambition anymore. We don't have the hunger. We don't have the vision. That's what Europe is lacking. There is a paucity of willingness to dream big - or perhaps more critically to invest and support those big dreams. We've got the capabilities, we've got the skills, we've got the people. But do we have the vision to dream it? Do we have the hunger to go for it?"

And it is not just China and the US betting big on technological innovation. Countries like Saudi Arabia and the UAE are building massive AI models, too. "They're spending more on computation than any European country, and they're dreaming a better future. For Saudi Arabia using technology is an existential challenge as they transition to a post-oil future. They will export compute, hopefully created using solar rather than fossil fuels. Now, clearly, many European countries could theoretically do so as well. Most of them have a bigger talent pool than they do, as well as decent underlying infrastructure and data and so on. But we don't have the capital we are willing to invest. What is the exciting dream, or the existential threat, to animate Europe?"

Where to start? Gordon thinks that it all starts with the question on what the information landscape will look like. "Because that's what's going to drive politics. If you play the information landscape forward, we're going to get to a world where everyone gets their personalised information feed, with 99% of the content produced by AI. And therefore we'll move into a

far more atomised world than even today, where individual citizens are reacting to stuff that is generated for them on the fly. High trust European societies have been built on a certain approach to information. As foreign-owned technologies change this - using AI models trained to overseas specifications - we will need to re-adjust how we manage our societies in a way that we retain domestic power and democratic legitimacy. That conversation needs to start now."

In order to achieve a step change and to avoid technological dependency as far as possible, McKinsey sees three lines of action:

1. Setting stretch long-term targets and adjust incentives: developing a vision for global leadership ten to 20 years out, with a view to 2050, and taking risks and deploy capital and R&D investment commensurate with that vision. Also, adjusting executive and employee compensation to better align with those visions and the risk-taking needed.
2. Leveraging programmatic M&A and alliances to acquire the scale and capabilities needed. This would include cross-border European and global consolidation, including —painfully— sell-side M&A where global leadership is out of reach.
3. Investing in innovation and technology governance and capabilities at scale and pace. Companies will need to implement agile and more customer-centric innovation governance able to deal with higher-risk, long-term projects.

Ideas

[Technological Dependency and Cybersecurity]

- 1. Establish a European Sovereign Tech Fund**

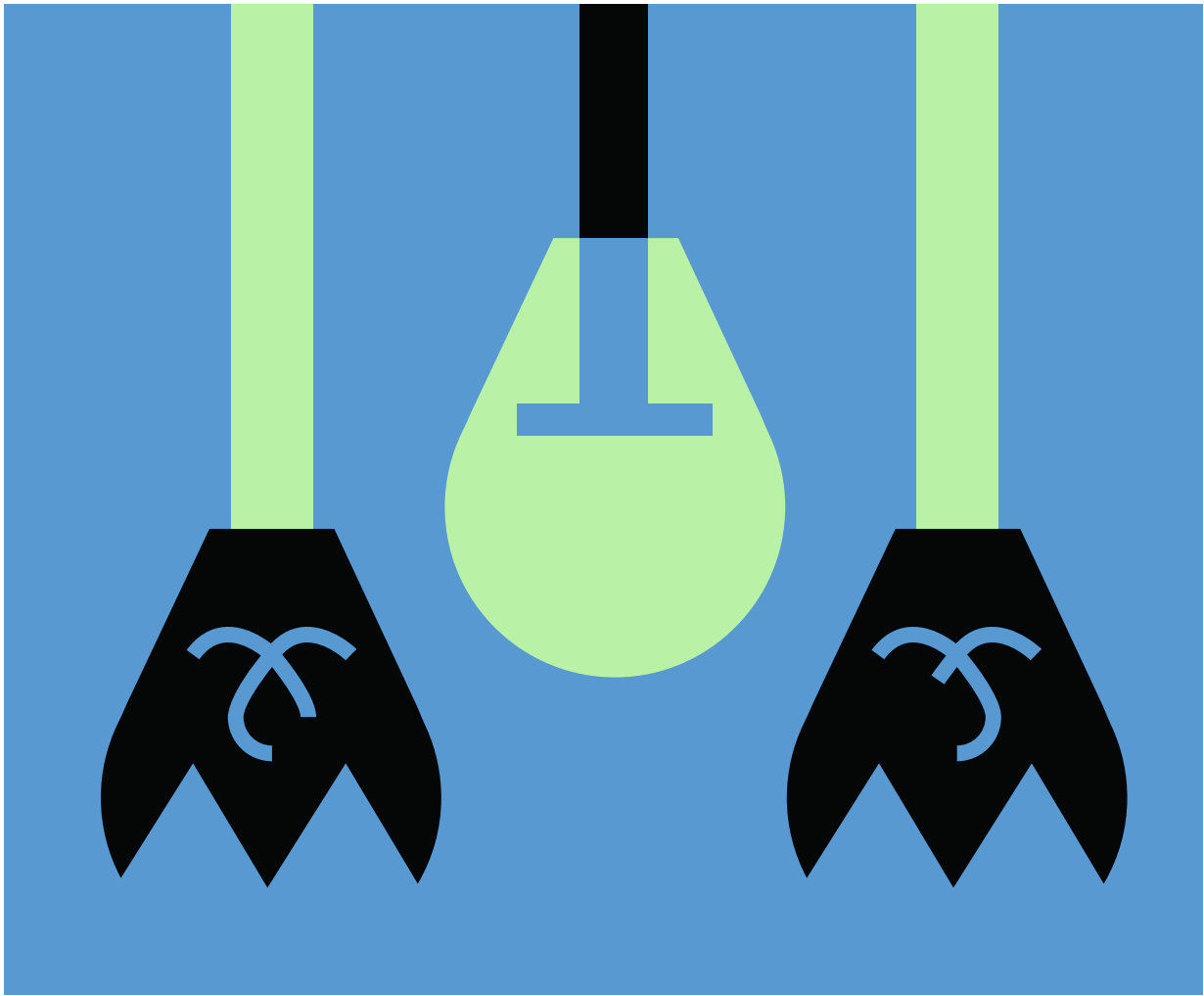
Create a publicly funded investment mechanism focused on scaling up European AI, quantum computing, and digital infrastructure companies to reduce dependency on non-European platforms.
- 2. Mandate Open Standards and Interoperability**

Enforce open technology standards and encourage interoperability across key tech sectors, fostering a competitive ecosystem while reducing the dominance of foreign platforms.
- 3. Strengthen Pan-European R&D Alliances**

Build cross-border, public-private R&D collaborations between European universities, SMEs, and tech giants, with a focus on high-risk, high-reward innovations that align with long-term strategic goals.
- 4. Introduce Sovereignty-Centric AI and Data Governance**

Implement robust data governance frameworks and AI regulations that prioritise European data sovereignty, ensuring that critical systems remain under local control and aligned with liberal democratic values.
- 5. Incentivize Talent and Tech Startups**

Offer tax incentives, grants, and streamlined regulatory pathways for tech startups and innovators focused on strategic sectors like AI, green computing, and cybersecurity, enhancing Europe's global tech competitiveness.



Digital Transformation and Innovation Shortfall

“It always shocks me when I look
at innovation rankings.”

Johann Harnoss, BCG

The digital transformation reshapes every aspect of our lives, economies, and societies, offering unprecedented opportunities while posing significant risks. As Europe navigates this transformation, the implications for its citizens—whether they be the newborns of 2050, the young adults carving out their place in the world, or the senior citizens adapting to a rapidly changing landscape—are profound.

The State of Digital Transformation

Digital technologies are evolving at a breakneck pace. On top of that, the COVID pandemic from 2020-2022 “is estimated to have accelerated existing trends in remote work worldwide, e-commerce and automation as well as exacerbated labour mobility.”

Accordingly, the European Commission’s Digital Economy and Society Index (DESI) 2022 highlights that Europe is making significant progress in digitalisation, with improvements in connectivity, digital skills, and the digitalisation of businesses and public services.

This progress, however, cannot distract from the big challenges that remain. As the DESI report states, “the adoption of key digital technologies by businesses, such as artificial intelligence and big data remains low, also among the EU frontrunners.”

Or, in other terms: on the global stage, Europe is behind. “Europe used to be all about innovation and growth and new impulses that ultimately also have an economic impact - but that is no longer the case today”, says Johann Harnoss, Partner at BCG. “There are statistics up and down, where fewer and fewer European companies are really prominent as innovation leaders - most are either in the USA and China.”

What is the reason for this?

The Innovation Shortfall

A part of the underlying problem may be demographic, which is addressed in the according chapter. But there are other issues as well.

“Success comes either from being very small and very focused and moving very fast, or being very large and working at scale”, says Tim Gordon of Best Practice AI. “Those are the two ways you basically drive competitive advantage structurally - think of Singapore or China and the US. Europe’s problem is that its countries are now midsize. Today we’re basically in the worst place. We lack the scale and we lack the speed.”

There might also be a lack of understanding of the nature of innovation. “The big misunderstanding in the EU is that innovation is controllable,” says Monika Köppl-Turyna of the think tank Eco Austria. “It’s not.” What you need is a large number of ideas, with the expectation that most of them will fail. As a consequence, you need the companies, the people, the capital and the processes to sustain this on a large scale. “What we have is smart people and good training, what we don’t have is a critical mass of companies and investment capital.”

Also, financing in Europe is still suboptimal. “There is not enough private equity in Europe.”

While there are notable exceptions - “the pharmaceutical sector is still very much a European strength, see Novo Nordisk, they show that it is possible”, says Köppl-Turyna, there are also challenges on the company level.

“We notice in Germany and Europe as a whole a great tendency towards tinkering”, says another expert. “A tendency towards engineering, scientifically not only of innovations, but also of processes, based on a very great belief in organisational structures, processes, metrics, in other words all these management instruments with which you can definitely be successful if you want to, let’s say, make things big or if you want to commercialise things or if you want to become world export champion. But these are no longer the tools that can be used to develop digital products, especially innovations and products for end customers.”

As a result, many large European companies are currently too slow to open up systematically to new forms of innovation management.

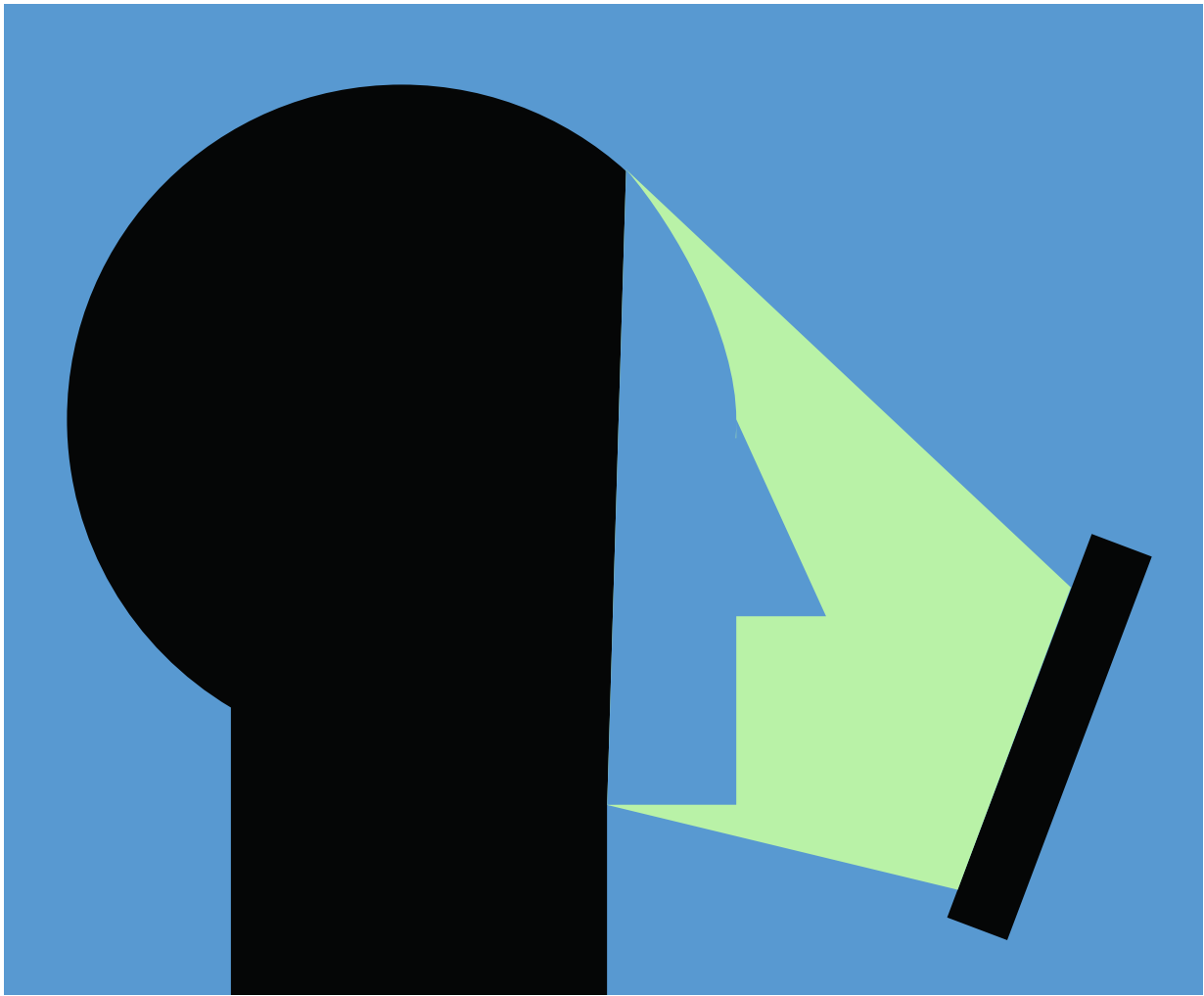
Also, according to Harnoss, many European companies are more focused on management than on growth. Highly innovative companies are excellent at both exploring new ideas, and then exploiting them business-wise. They are ambidextrous organisations. "These are simply very different ways of thinking and ultimately also management tools that need to be mastered", says Harnoss. "Many European companies are excellent at exploiting - managing, squeezing, standardising and mechanising - but find it extremely difficult with the exploring, because it's more chaotic."

Fast forward to 2050 and it is possible to project that, all else being equal, Europe will have lost the remainder of its innovative edge.

Ideas

[Digital Transformation and Innovation Shortfall]

1. Strengthen strengths like the pharmaceutical sector, and bet big on GreenTech, DeepTech and defence as drivers of innovation in the coming decades.
2. Further integrate the EU's internal markets.
3. Integrate the UK, Turkey, and Ukraine economically as much as possible.
4. Complete the Capital Markets Union and the Digital Single Market.
5. Adapt existing large-scale financing devices like the European Investment Fund to the realities of the European ecosystem.
6. Create new supranational financing instruments, e.g. for hydrogen.
7. Scale successful commercialisation platforms like UnternehmerTUM or XISTA, and replicate across Europe.



Education Ossification and Social Media Society

“Education to teach people how
democracy works is key.”

Malgorzata Bonikowska

In most European countries, education reform is deeply stuck in 2024. The report on the PISA 2022 study describes deteriorating educational performance and deepening inequalities. Educational institutions are preparing young people for a world similar to today's - even though we know it will look very different given trends such as climate change and demographics. Structurally, education in 2024 looks a lot like education in 1999. Given the path dependency caused by the inertia of slow system change, it can be assumed that education systems in 2050 will look very similar to those in 2024.

This is partly a failure of governance. In federal countries such as Germany and Austria, responsibility for education is shared between the state and federal levels. Too many veto players block meaningful change. As a result, innovative policies are not rolled out in time. Instead of disrupting themselves, many education systems in Europe are becoming ossified. Once again, politics is the problem.

But while education inside schools remains stubbornly the same, education outside them is changing at breakneck speed. Technology-assisted self-directed and tailored learning is already a reality with kids across Europe consuming YouTube learning videos and using learning apps. With the arrival of ChatGPT 4o in 2024, artificial learning coaches and personalised curricula seem within reach in the next decade. One main challenge here will be equality of access.

However, learning with and from teachers, in teams and individually, cannot and will not be fully replaced. Therefore, as in other sectors, the emerging labour shortage in education is another challenge that needs to be addressed.

Given the increasing polarisation of society, a third challenge is to dramatically improve pro-democratic education. This is not just a question of developing curricula, but also of how schools are organised and what the day-to-day reality in the classroom looks like.

A fourth challenge is dealing with the downside of ubiquitous technology. Extensive use of social media is rewiring children's brains, as research by

Jonathan Haidt and colleagues has shown. While the effects are not yet fully understood, regulation is still in its infancy and needs to catch up with the psychological evidence.

Ideas

[Education Ossification and Social Media Society]

- 1. Re-Constitute Educational Responsibilities**

To overcome the current ossification of education systems, especially in federal countries such as Germany and Austria, it is necessary to rebalance responsibilities between the different levels. As these are often enshrined not only in laws but also in constitutions, this will require corresponding political processes, which could include not only representative but also deliberative democratic elements such as citizens' assemblies.
- 2. Promote Equitable Access to Technology-Enhanced Learning**

To ensure equitable access, governments should invest in infrastructure that supports widespread access to high-speed internet and provide subsidies for educational technology in underserved areas. Additionally, policies should be implemented to guarantee that all students, regardless of socio-economic background, have access to personalised learning tools like artificial learning coaches and tailored curricula.
- 3. Strengthen Pro-Democratic Education and Civic Engagement**

In light of increasing societal polarisation, it is critical to enhance pro-democratic education. This involves not only developing comprehensive curricula that teach democratic principles and critical thinking but also restructuring school environments to foster democratic values in everyday interactions. Schools should integrate activities that promote civic engagement, such as debates, student councils, and community projects. Teacher training programs should also emphasise the importance of cultivating a democratic ethos within the classroom.

4. Regulate and Research the Impact of Social Media on Education

Governments should fund extensive research to understand the psychological effects of social media usage on young minds. Based on this research, regulations should be formulated to mitigate negative impacts. This could include setting limits on social media usage during school hours, developing educational programs that teach digital literacy and responsible usage, and implementing policies to protect children's mental health in the digital age.



Societal Fragmentation and Polarisation

“For me, the challenge is whether in 2050 we will still be living in an open society based on democracy, based on our values of a liberal society - or whether they will be replaced by more authoritarian approaches.”

Bart Somers

In 2024, liberal democracies are under attack from within and without. The seeds of disinformation and discord are falling on fertile ground as a genuine crisis of legitimacy plagues democracy. Data from the V-Dem Institute shows that “liberal democracies peaked at 42 countries in 2012 and are now at their lowest level in more than 25 years - 34 nations, home to just 13% of the world’s population”. At the same time, a record 33 countries are autocratic - including in Europe.

“We live in a time of fear” says Bart Somers, the liberal Mayor of the Belgian city of Mechelen. “People are uncertain about the future, about the changing reality of the world. For the first time, people feel that tomorrow will be worse than today. There is no hope, not enough perspective. So people are afraid, insecure, everything is changing so fast. And of course this is used by extremists, by populists, to create fear. And out of fear you create hatred, you create us against them and you create enemies.”

Populism has long been a constant in European politics. What makes this time different?

“The critical moment is when the broad middle class panics - when their insecurity becomes fear and fear becomes panic.” says Somers. And there are early signs that this is exactly what is happening. “Then the door is open to extremists who give you false certainty.”

Somers sees three possible paths for Europe between now and 2050. “And only one is good.”

According to him, the first way is “the way of the extremists. They tell you that your problems are caused by group X, the minorities or the migrants, the ones with a different identity. They cause our problems, so we have to attack them. It has nothing to do with reality, but it is very effective.”

The second way, he says, is “the way of insecurity. This means that nothing will change. That’s the fear of the politicians in the centre. They might accept that there is climate change, but they say we are not going to do

what is necessary, because if we do what is necessary, people will not vote for us anymore. So they create a kind of false comfort, a false sense of security. They keep everything as it was.”

Somers thinks that this course is a very dangerous policy “because it means we think we can live in the past. But reality is going to change. Politics has to follow, has to create new certainties. And you cannot do that without reform.”

And that, Somers thinks, is the third way: reform. “That’s the way I think we have to try to find: we have to create new certainties. We have to create a new perspective, a new hope. And the only way to do that is to reform, to prepare for the future. And that’s a difficult thing. Maybe one of the things we can do is think more deeply about what can we ask of these big companies that own the social media platforms? Can we ask them to do what I’m trying to do at the local level, which is to fight segregation in every way possible and to bring together people with different opinions, different backgrounds, different social, economic backgrounds.”

Ideas

[Societal Fragmentation and Polarisation]

1. **Create a New We**

In order to function, democratic societies need to maintain a high degree of cohesion. In the first half of the 21st century, this has become more difficult - not just because of bad actors, but also because of the impact of social media and the consequences of diversity.

"We are becoming a diverse and even super-diverse Europe, not only between nations, but also within states and cities," says Bart Somers. "In a way, Europe is starting to look like it did before the two world wars.

Diversity is back. And Europe has to deal with it again, hopefully much better than the last time. So how do we organise it?

How do we make it work? How do we end up not in a segregated reality, but in an inclusive reality, where citizens can emancipate themselves, where differences are opportunities and interesting things, not threats?

"If you want to solve diversity as a new reality, the core values of liberalism are the best way, the best recipe, because all the other ideologies fall into a kind of communitarian approach," says Somers. But to do this, liberalism faces a major challenge. "We have to create a new we - a new us, a diverse us, but a us where we are connected."

You can discuss this in the Bundestag or in the Belgian parliament. But at the end of the day, you will succeed or fail in neighbourhoods in cities. That is why I am convinced that we have to strengthen the cities.

2. Unleash the Power of the Local Level

When it comes to politics, Somers makes no secret of his sympathies. "I try to convince my Liberal colleagues of a couple of things that are very important to me. And one of those things is that we, as a liberal family and also as democrats, underestimate the opportunities and the power of local government in the 21st century".

He reveals himself to be a great believer in what Benjamin Barber wrote about in his book 'If Mayors Ruled the World'

"20, 30 years ago, politics was a national affair. For example, there was a new concept of better education. And they extended it to cities. But what do we see today? Nothing happens at the national level. There are no ideas. Everything is blocked. There is no top-down policy, but a bottom-up policy. A lot of new ideas are coming from the cities. They form coalitions and they go to the national level and they say, listen, we have a good idea, a new approach, and maybe you can subsidise it and copy it and roll it out to the rest of the country.

According to Somers, many see the local level as a kind of second-class political level that needs support and guidance - they are seen as the amateurs of politics. "But when you look at the reality and the big challenges we've seen, the answers often come from the local level. Take the Covid crisis. If it hadn't been for the local communities, with their ability to be flexible, to be networked, to bring people together and to persuade them, the vaccination process would not have been a success".

As nation states are often the most conservative and slowest political level, Somers believes there needs to be a coalition between the European and local dimensions.

3. Reinvent Political Parties, Complement Representative Democracy

The crisis of democracy is also a crisis of politics, and the crisis of politics is a crisis of political parties.

Somers pulls no punches. "At the moment, to be honest, a political party is a machine that invests a lot in social media, in consultants, and is not really embedded enough in society - it has lost the energy to do that."

NDI's Birgitta Ohlsson also thinks there is a need for rethinking political parties, particularly in the centre: "Decent parties from centre left to centre right are so weak at the moment. Also many do not have a red line. But also no red thread - no narrative on what they are about. They cannot explain who they are, the reason why for their party."

Ohlsson believes that valuable time has already been lost. "Wake up and smell the coffee. We need to work better together, find new coalitions, and to keep authoritarians as the far-right out. That is why we at NDI focus so much on cross-party cooperation and depolarisation. Coalition building is the way to fight. You cannot simply stay in this bloc or that bloc."

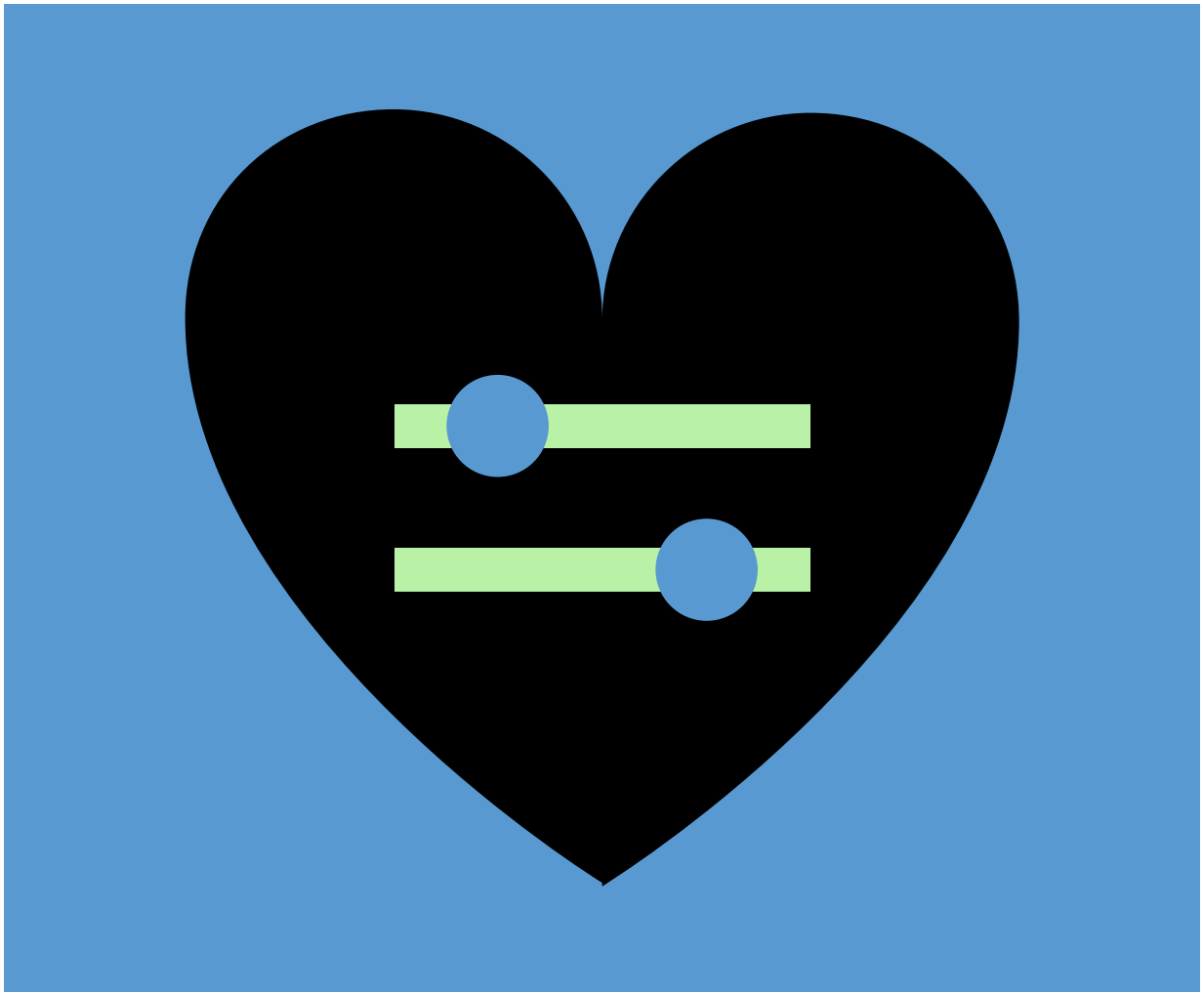
By 2050, will the age of the political party be over?

Bart Somers thinks no: "The classical idea of people who are elected and represent the people is something we cannot throw away."

But he also thinks that a deliberative approach, experimenting and using new techniques in involving people as championed by organisations like DemocracyNext is a very important complement, "first of all, on the local level, but also more broadly."

With several indicators of democratic health declining rapidly, and centrifugal and chaotic forces unlikely to abate before 2050, reinventing politics is becoming a race against time. Political and

democratic innovation is still too slow, too small and too scattered. To accelerate and scale up, political innovators need more support, including a better funding structure. "There is still a window of opportunity." – Birgitta Ohlsson



Health Personalisation and Medical Technology

“Technology just sits at the heart of health.”

Tim Gordon

Over the past 25 years, many health indicators have improved in Europe, including a reduction in infectious diseases, improved mental health awareness, better management of chronic diseases and increased longevity. The recently introduced smarter data protection regime will further contribute to accelerating learning across Europe.

The pharmaceutical industry is one of the few sectors in which Europe is still globally competitive. Health technologies such as CRISPR-Cas, AI-driven innovations and their potential to personalise healthcare promise new breakthroughs in the coming years.

However, these successes should not hide the fact that the Covid-19 pandemic saw average life expectancy fall for the first time. Health inequalities also remain a challenge.

In the short and medium term, the widespread loss of trust in politics and public institutions will make it more difficult to implement future public health interventions. The growing shortage of health workers is another factor that threatens to undermine progress to date.

In the long term, according to Lancet, “projections suggest that older individuals will account for nearly a third of the population by 2050, with less than two working-age individuals for every older person.”

Better medicine and falling birth rates mean that the number of Europeans over 65 is expected to increase by around 40 million by 2050, even as the total population slowly declines. An older population could lead to lower economic growth, productivity and consumption, potentially slowing economic development.

This shift will:

4. substantially increase the burden of chronic diseases and age-related conditions
5. place substantial financial strain on healthcare systems, social welfare systems, including pensions and long-term care services
6. potentially necessitate the extension of the retirement age or encouraging the participation of older workers.

But health is not only linked to the demographic challenge. Climate change is also a major factor that will exacerbate health problems, especially for older people.

Unfortunately, urban development is still an underestimated factor in public health. Almost 25% of our health is determined by the environment where we live. The built reality is that most cities are still optimised for mobility in private motor vehicles.

In terms of probability, we can expect another pandemic to disrupt public life by 2050. Another risk factor is the impact of multi-resistant organisms.

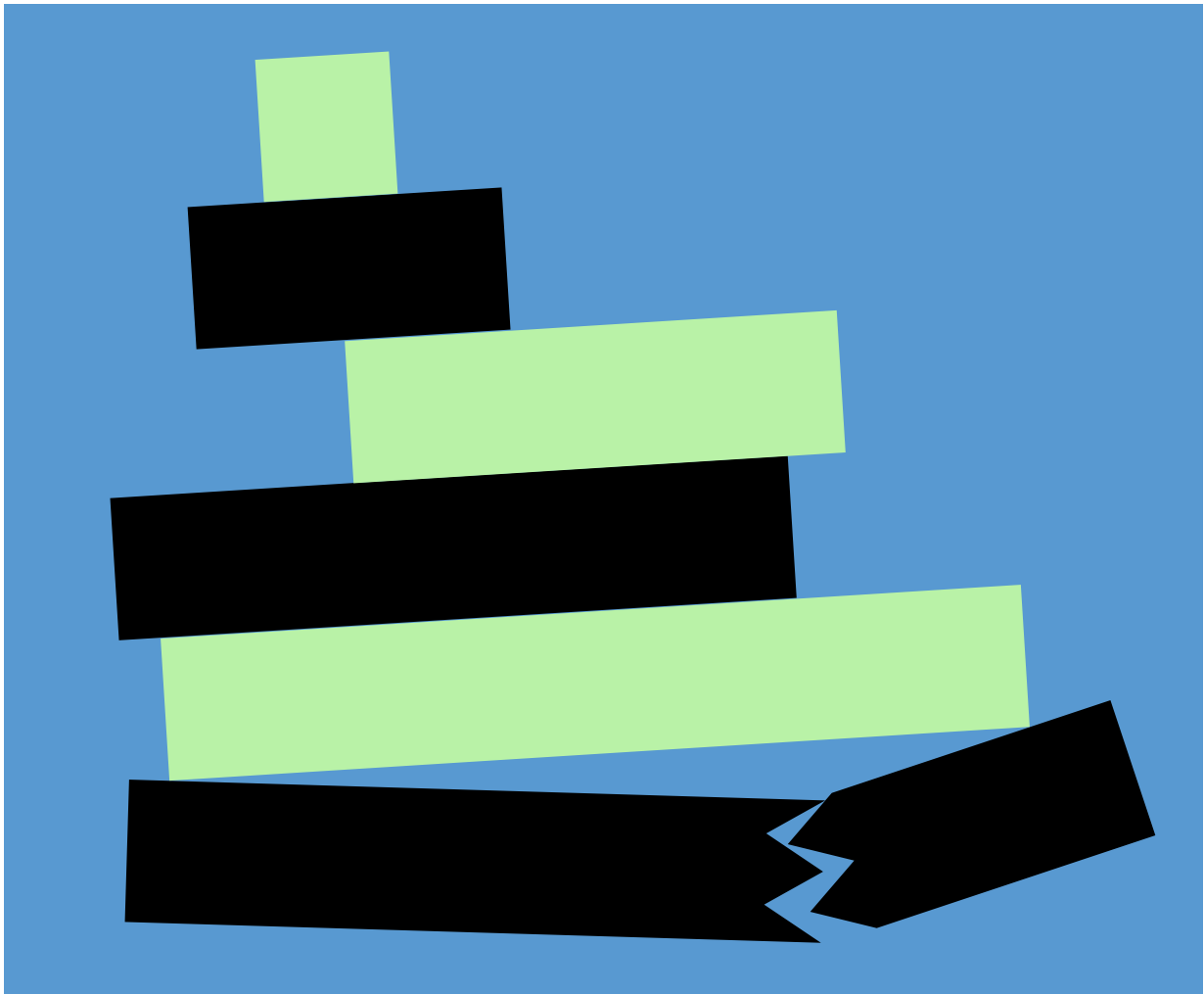
At the systemic level, technological dependence and its implications for Europe's geopolitical interests are a profound challenge. Tim Gordon, Partner at Best Practice AI, formulates it: "Technology just sits at the heart of health."

Malgorzata Bonikowska, President at the Polish Think Tank, agrees: "The European Union should understand security not only in the military sense. For us, security should mean everything, including food security or health security. The pandemic has shown that we are not really secure. We are dependent on China, on India, on external suppliers."

Ideas

[Health Personalisation and Medical Technology]

1. Following the Covid-19 pandemic, a “European Health Union” could be created under the Treaties, applying the “One Health” approach (e.g. improving environmental sustainability and resilience through more preventive measures, enabling behavioural change in populations and advocating holistic health policies).
2. Due to the interconnectedness of health and climate change, the ecological footprint of health system activities could be monitored.
3. To ensure that public spaces are healthy and adapted to the needs of climate change, the WHO’s ‘Healthy Cities principles’ of equity, intersectoral cooperation, community involvement and sustainability should be applied in city planning.
4. At present, approximately one in eight people in Europe are refugees or migrants. This number is expected to rise by 2050. Therefore, migrant health in Europe must be addressed proactively to ensure the wellbeing and vitality of the continent.



Economic Instability and Shifts in Global Trade

“For me, the main challenge will be to deal with a closing world. I think protectionism is something that we’re going to have to deal with in the long run.”

Thibault Muzergues

In a globalised world, the economy is inextricably linked to geopolitics. It is no coincidence that since the Russian invasion of Ukraine, few reports have been published with a long-term economic outlook. While it is impossible to project a detailed picture of the European economy and world trade in 2050, trends and path dependencies allow some assumptions to be made.

According to PwC, the world economy could more than double in size by 2050, far outstripping population growth, due to continued technology-driven productivity improvements. Of world GDP at PPPs, by 2050 20% is China's projected share. India ranks second, ahead of the US.

The Economist also states that "China is expected to overtake the United States in 2026 in nominal GDP in US dollar terms and maintain its position as the largest economy to 2050." In the publication's rankings, India is expected to move up the rankings to third place globally, behind the US.

In either case, after centuries of European and American hegemony, the 21st century in many ways looks like the Asian century.

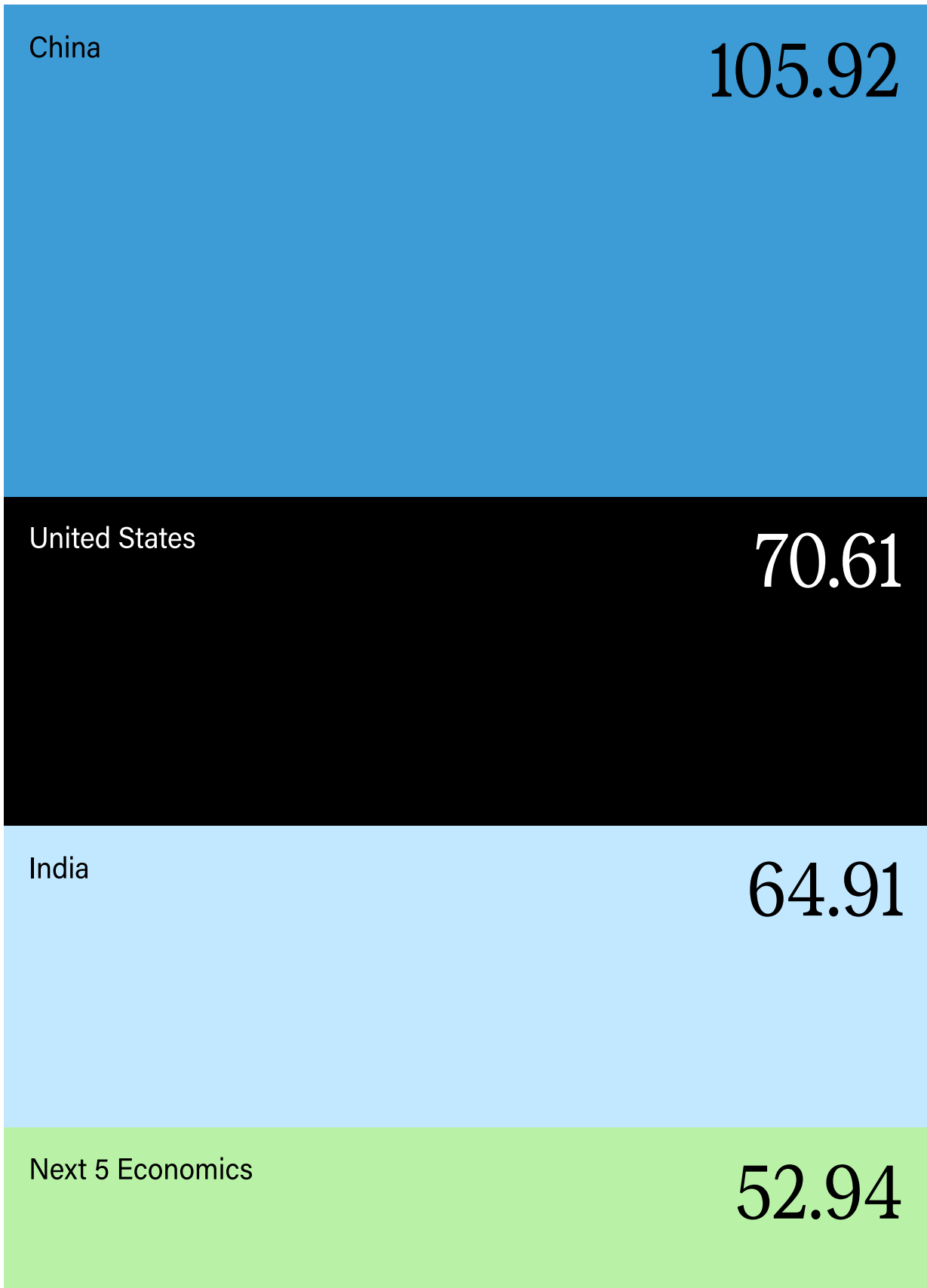


Figure 6: Nominal GDP, 2050 (US\$ trn)

In contrast, the EU27's share of global GDP at PPPs by 2050 is projected to be a mere 9%. Carnegie Europe forecasts that "by 2050, no European state will belong to the G7 group of the world's biggest economies."

At the end of the first quarter of the 21st century, the European economy and global trade are facing many headwinds and disruptions that pose serious challenges with medium- and long-term implications.

"There is a lot of economic uncertainty" says Angela de Martiis, an Italian economist. "And this is combined with probably one of the worst debt crises that the world has ever seen."

Protectionism and Deglobalisation

For Thibault Muzergues of the International Republican Institute, this is one of the main challenges for Europe overall: "to deal with a closing world. I think protectionism is something that we're going to have to deal with in the long run."

Given the current disruption of supply chains, "if the East-West land corridor is cut, how do we trade with the East - through the Indian Ocean, the Red Sea and the Mediterranean? How do we do that? Given that we don't have a fleet, we don't have the means to secure our own ships in the Indian Ocean or the Red Sea."

At the same time, reshoring in terms of resources is not an option for him, because "Europe doesn't have enough resources. If we try to mine within Europe, it creates environmental concerns and problems. There's a big Nimby movement that makes it very difficult to do anything in that direction.

Richard Youngs of Carnegie Europe does not necessarily see the emerging EU focus on economic security as a strategic problem. "Europe is becoming more defensive and protecting its immediate economic interests: That's perfectly justifiable. That will be a big part of the narrative for the next 20 or 30 years. The EU is moving away from such a strong or unconditional support for and belief in globalism."

However, he thinks “there’s the challenge of how to do that without completely retreating from the core values of liberal economic openness. I don’t think the EU has got that balance right yet. And how it can combine this kind of defensive, mercantilist geo-economics with its supposed aim of keeping alive the basic principles of an open, liberal global order is at the moment trying to ride two horses, almost going in different directions”.

What is needed are ideas on “how to bring these two objectives together, the immediate economic priorities on the one hand, and the longer-term objective of an open, liberal economic order on the other”.

Economic World Disorder

For a long time there has been talk about the end of the unipolar world. Russia and China are both in their own way heavily engaged to dismantle the liberal world order. What does this mean for Europe in 2050?

Cathryn Clüver of the Bertelsmann Foundation believes that in economic terms, “the next 20 years will see an increasing shift away from the dollar-based economic system. Other currencies will attempt to directly rival the dollar, including cryptocurrencies. The next administration has to keep the attempts at weakening dollar-dominance squarely in view”

She also thinks that “China’s influence on the Western Balkans, Chinese trade agreements: all this will become much stronger.”

Both will have profound implications for the European economy and global trade.

Debt Problem

In their trend report on Europe 2050, the consultancy Roland Berger writes that “due to the war in Ukraine, the rearmament announcements in many European countries, the need to rebuild Ukraine once the war ends, and giant investment in the green energy transition, there is likely to be a considerable need for investment in the future as well – meaning, it can be assumed that debt will continue to rise in the future.”

However, this projected increase in debt is politically highly contentious and it is difficult to see how this conflict will be resolved.

Demographic Drag on Growth

Labour-force declines represent a severe drag on economic growth. As described in the chapter on migration, Europe will need to find ways to significantly increase skilled migration, and to upskill the existing population with a migration background.

Faltering European Integration

Monika Köppl-Turyna of EcoAustria points out that despite decades of political effort, “the internal market is still not fully accessible. The Capital Markets Union is incomplete. Further integration is urgently needed”.

However, this should not be used as a justification for inaction, as “progress can already be made with deregulation”.

The Lack of a European Project

Bart Somers from Mechelen believes that “a much stronger Europe, Europe on the defence side, but also on the economic side in its policies, is an absolute necessity to be able to play our role in the world of the 21st century. We are only 400 million people, a third of China, a third of India. Europe is big, but at the same time it’s not”.

He sees an opportunity for a great project: “Mitigating climate change for Europe, economically, industrially, but also for the urban agenda, in terms of how our cities are organised”.

Tim Gordon of Best Practice AI agrees: “I think by 2050 the marginal cost of energy will be zero. I think that creates a massive environmental opportunity for Europe to expand into the world.

He sees the opportunity for a regional project: “As the environment continues to deteriorate, you can see a scenario where we could help build across North Africa with access to essentially free solar power and

potentially large labour resources. We could potentially move a lot of our manufacturing. If it's offshored from Europe, you could move it from the Far East to the North African coast, for example.

He thinks "Technology creates opportunities for Europe to do things that would be interesting and imaginative, that would enhance our security and hopefully bring economic prosperity to a much wider swathe of our neighbours. Europe should move away from being essentially a fortress - this is not the right mentality to play our part in the 21st Century."

Beyond the Mediterranean, he sees the EU's regional priorities being "Ukraine, Turkey, the UK: they're all countries that you basically want to be as economically integrated with as possible."

Ideas

[Economic Instability and Shifts in Global Trade]

- 1. Promote a Green Industrial Revolution**

Leverage the transition to renewable energy by developing European-led green technology and infrastructure projects, both within the EU and through partnerships in neighbouring regions like North Africa, to ensure both economic growth and geopolitical influence.
- 2. Establish a European Economic Defense Fund**

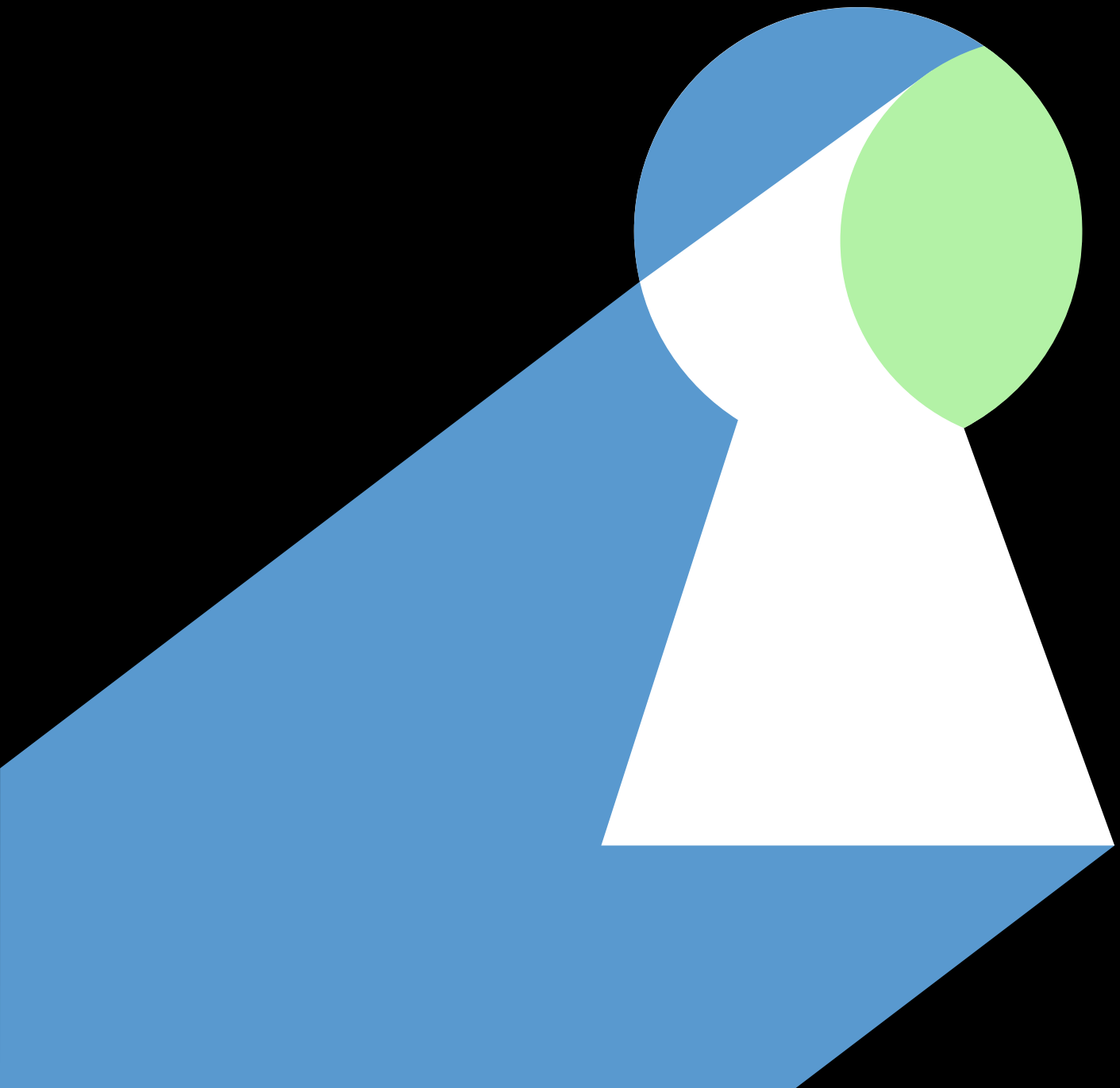
Create a coordinated European fund to mitigate the impact of protectionist trade policies and global supply chain disruptions by diversifying supply chains and securing critical resources through strategic partnerships.
- 3. Strengthen EU Integration with a Social and Capital Markets Union**

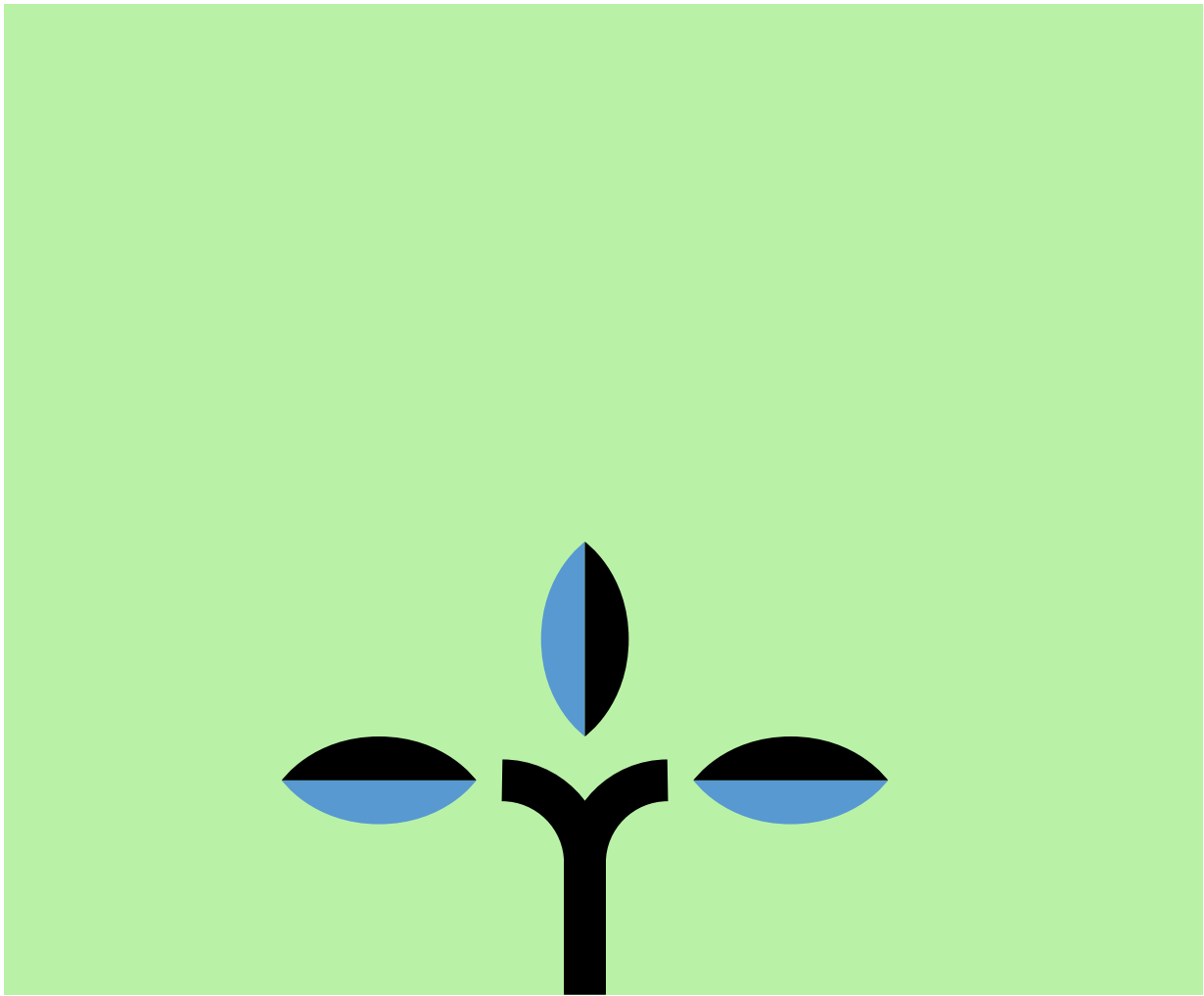
Accelerate the completion of the Capital Markets Union and harmonise regulations to create a more resilient, fully integrated internal market while ensuring social policies that protect the most vulnerable workers.
- 4. Create a Skilled Migration and Upskilling Program**

Develop a European-wide program focused on attracting skilled migrants and upskilling citizens, including those from marginalised communities, to counteract demographic decline and boost productivity.
- 5. Advance Multilateralism for a Liberal Global Order**

Lead a coalition of like-minded nations to sustain and reform multilateral institutions, promoting trade openness while ensuring safeguards against authoritarian economic practices, to keep liberal values central in global governance.

The Human Perspective





The Future for Individuals Born in 2050

They are digital natives - literally. They have been monitored and improved from before conception. They are "golden children": as fewer Europeans are born, they receive generous state support from an early age. Many will live to be 100, until the middle of the 22nd century.

Technology monitors their development and makes constant recommendations about their health, nutrition and stimulation.

It has become harder for parents to go against the data.

The European Landscape in 2050

Individuals born in 2050 will face a Europe transformed by significant demographic, environmental, and technological changes. Europe will be an ageing and potentially shrinking continent, grappling with the implications of a rapidly warming climate, geopolitical uncertainties, and the need for substantial economic and social reforms.

Demographic Shifts

Europe will have a higher median age, with the number of individuals over 65 surpassing those under 15. This shift will necessitate longer working lives to finance retirement and could lead to labour shortages if not mitigated by increased skilled migration and effective integration policies.

Population ageing will place substantial financial strain on healthcare systems, pensions, and long-term care services, potentially requiring extensions of retirement age and encouraging older workers to remain active in the workforce.

Environmental Challenges

Europe will continue to face severe climate impacts, including more frequent and intense heat waves, heavy rains, and other extreme weather events. These changes will exacerbate existing political and social fault lines and pose significant challenges for urban and rural areas alike.

Mitigating climate change will remain a critical priority, with Europe striving to achieve net-zero emissions. The transition to a climate-neutral economy presents both opportunities and challenges, necessitating substantial investment in renewable energy and sustainable practices.

The Role of Technology

Technology will play a transformative role in shaping the lives of those born in 2050. Digitalisation, artificial intelligence, and biotechnology will be integral to various aspects of daily life and societal functions.

Digital Integration

Individuals born in 2050 will be digital natives, growing up in an environment where digital technologies permeate every aspect of life. This includes advanced AI-driven platforms that will influence education, healthcare, workforce management, and social interactions.

Technological advancements will offer personalised and adaptive learning experiences, but there will be significant challenges related to ensuring equitable access and managing the impacts of ubiquitous technology on mental health and societal cohesion. Also, while ultimate decisions will still be in human hands, recommendations made by AI on many aspects of life will be hard to challenge.

Healthcare Innovations

Health will be increasingly managed through personalised medicine, driven by innovations such as CRISPR-Cas and interoperable electronic health records. These advancements will potentially extend lifespans and improve quality of life, but they will also pose challenges related to healthcare costs, accessibility, and ethical considerations.

The rise of AI in healthcare will enhance diagnostic accuracy and treatment personalization, yet it will also require robust data governance frameworks to protect privacy and ensure the ethical use of health data.

Societal Expectations

Society will have high expectations for individuals born in 2050, shaped by the need to address complex challenges and leverage opportunities arising from technological and environmental changes. As babies may be in short supply, the value of having children will be much higher than it is today.

Economic Contributions

As the workforce ages, younger individuals will be expected to support an increasing number of older people. This may include higher contributions to social welfare systems and potentially longer working lives.

There might be a resurgence of mandatory national or European service to foster a sense of shared responsibility and address labor shortages in critical sectors.

Civic Engagement and Innovation

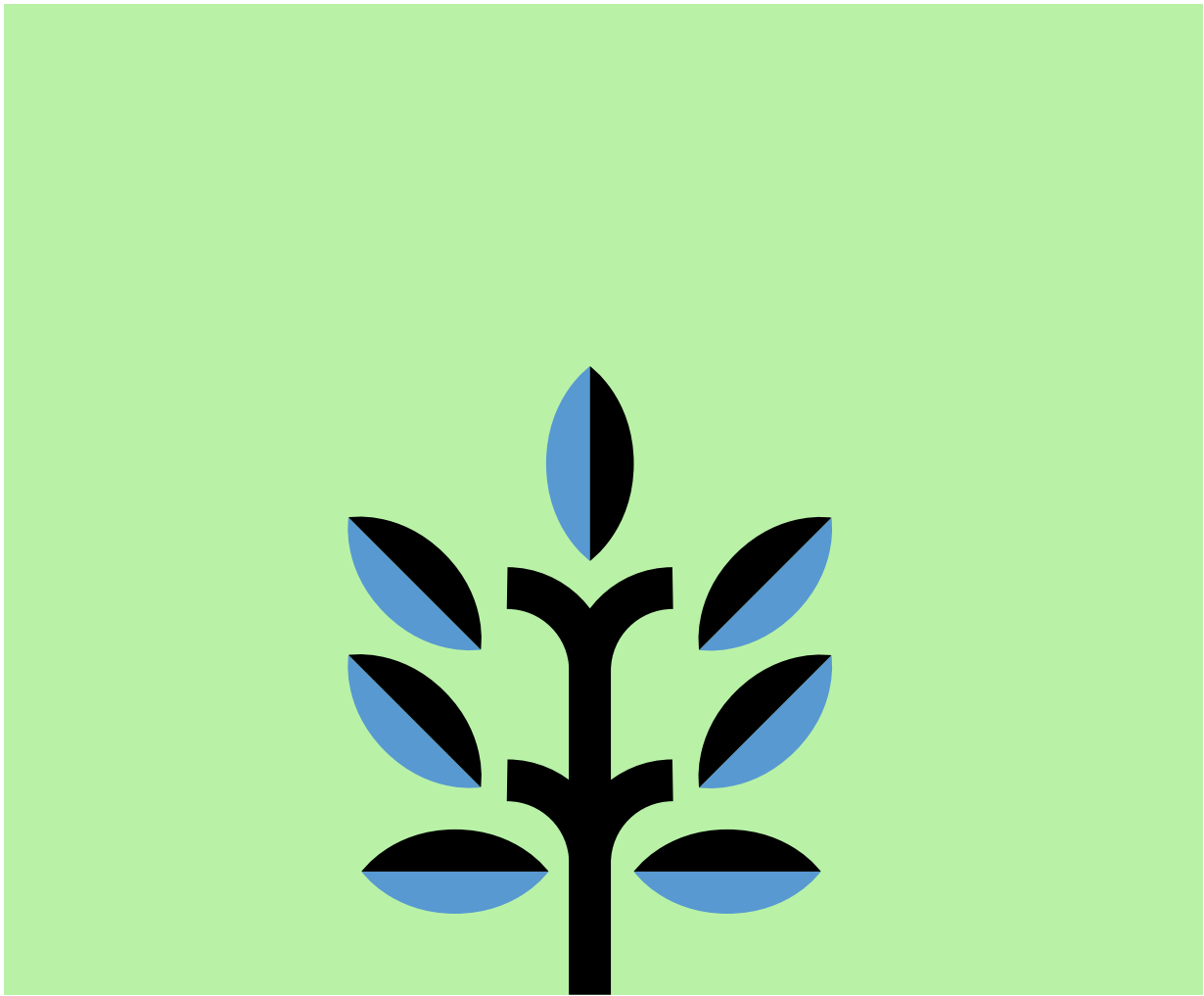
Societal expectations will include active participation in democratic processes and efforts to counteract disinformation and political extremism. Education systems will need to adapt to instil democratic values and critical thinking skills from an early age.

Innovation will be crucial, with society expecting individuals to engage in lifelong learning and contribute to Europe's competitive edge in areas like GreenTech, DeepTech, and other emerging industries.

Sustainability and Community Building

Individuals will be expected to contribute to sustainability efforts, from reducing personal carbon footprints to participating in community initiatives aimed at environmental conservation and climate change mitigation.

Building cohesive communities amidst increasing diversity and societal fragmentation will be a significant challenge, necessitating efforts to foster inclusivity and social cohesion.



Young Adults in 2050

They will be few. Some measures have been taken to compensate for their relatively diminished political power, such as lowering the voting age. They are much more diverse - relatively more Muslim and more of African descent.

They are expected to care for more of the elderly and for society as a whole. Technology is embedded in every aspect of their lives, including their education: artificial learning coaches, tailored curricula, continuous testing.

They will have many employment opportunities to choose from. The same goes for partners: they will be able to match themselves based on their DNA.

Employment Opportunities

Digital and Green Economies

Employment opportunities will be heavily influenced by advancements in technology and the push towards a green economy. Sectors such as GreenTech, DeepTech, renewable energy, and digital services will see significant growth, offering diverse job prospects.

Young adults will need to possess strong digital literacy and adaptability to work with emerging technologies such as AI, automation, and biotechnology. Skills in data analysis, cybersecurity, and sustainable practices will be highly valued.

Labour Market Dynamics

The ageing population and potential labor shortages will increase demand for skilled workers, particularly in healthcare, engineering, and information technology. This could lead to better job security and opportunities for career advancement for those with the right skills.

However, there will be regional disparities, with some areas experiencing more robust job markets than others. Young adults in less developed regions may face challenges finding suitable employment without migrating to more prosperous areas.

Financial Stability

Economic Resilience

Financial stability for young adults will depend on their ability to adapt to a rapidly changing economy. Those with skills aligned with high-demand sectors are likely to experience better financial security.

Economic policies aimed at reducing public debt and promoting sustainable growth will impact overall economic stability. Young adults may benefit from initiatives that support entrepreneurship and innovation.

Income Inequality

Income inequality could remain a significant issue, influenced by educational disparities and regional economic differences. Efforts to provide equitable access to quality education and training will be crucial in mitigating these gaps.

Access to affordable housing and financial services will be critical for financial stability. Policies promoting housing affordability and financial literacy will play a vital role.

Societal Expectations

Active Participation

Young adults will be expected to actively participate in addressing societal challenges such as climate change, digital transformation, and demographic shifts. Civic engagement, volunteerism, and involvement in community initiatives will be encouraged.

Society will also expect young adults to engage in lifelong learning to keep up with technological advancements and shifting job market demands.

Innovation and Entrepreneurship

There will be strong societal support for innovation and entrepreneurship. Young adults will be encouraged to develop new technologies, start businesses, and contribute to economic growth through creative solutions.

Governments and institutions will likely offer support through grants, incubators, and policies that foster a conducive environment for startups and innovation.

Economic and Health Equality

Access to Healthcare

Health equality will be a priority, with significant investments in healthcare infrastructure and technology. Personalised medicine and AI-driven healthcare services will aim to provide equitable access to quality care.

Efforts to address health disparities will include initiatives to ensure all young adults, regardless of socioeconomic background, have access to preventive care, mental health services, and advanced medical treatments.

Educational Equity

Achieving economic equality will hinge on providing equitable access to education. Policies that address educational disparities, support for STEM education, and vocational training will be crucial.

Educational systems will need to adapt to provide skills relevant to the future job market, ensuring that young adults are prepared for the demands of the economy.

Migration Background

Integration and Inclusion

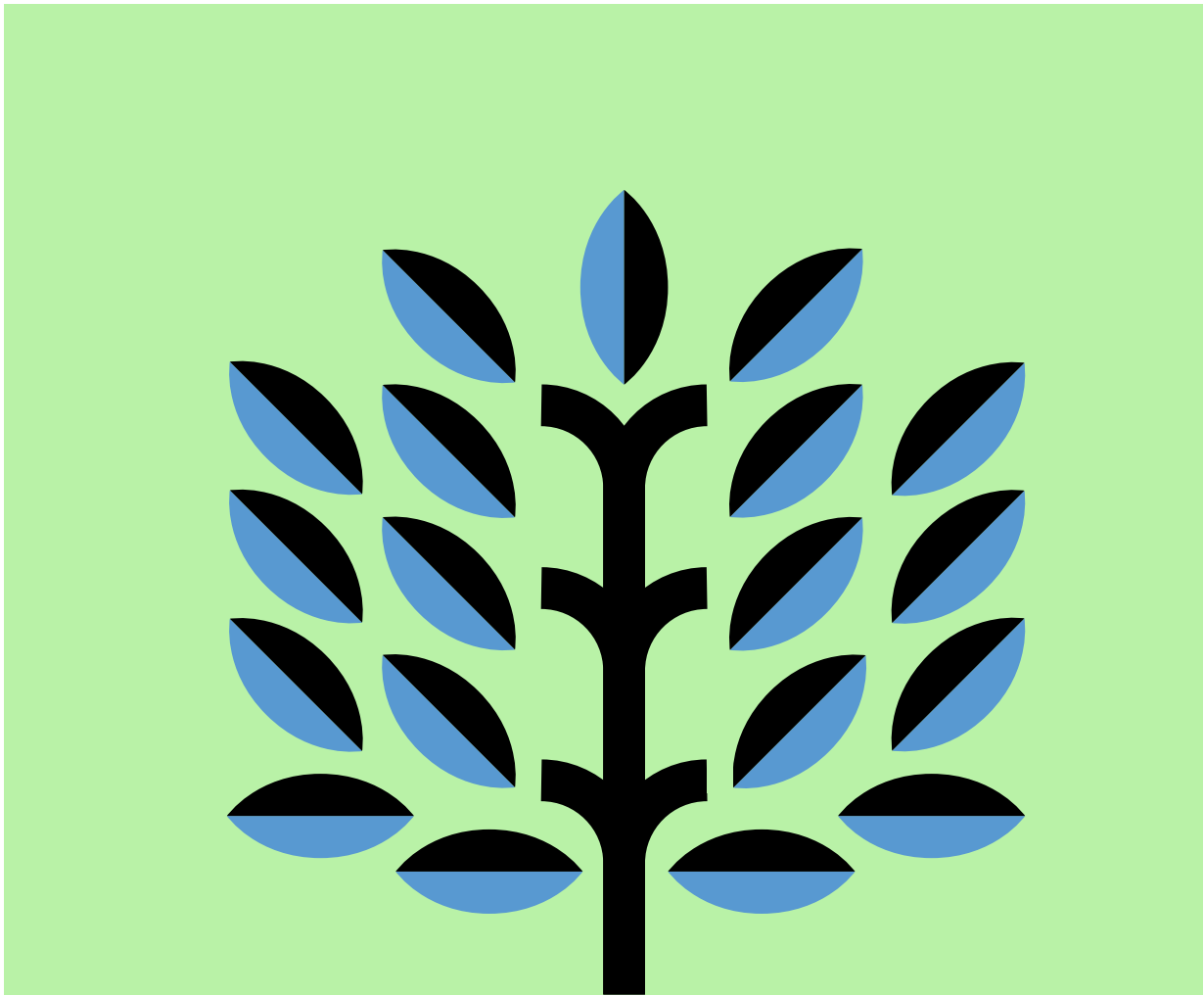
Young adults with a migration background will benefit from policies focused on integration and inclusion. Language programs, cultural orientation, and support services will be essential for successful integration into society.

The recognition of foreign qualifications and support for migrants in acquiring new skills will enhance their employment opportunities and economic stability.

Contribution to Society

Migrants will be seen as valuable contributors to the economy, helping to mitigate labour shortages and bringing diverse perspectives and skills. Policies that promote diversity and inclusion will enhance social cohesion and economic resilience.

Efforts to combat discrimination and promote equal opportunities will be important in ensuring that young adults from diverse backgrounds can fully participate in and contribute to society.



Senior Citizens in 2050

There are a lot of them - two-thirds of Europe's population is over 65. They wield enormous political power. It is not unusual for them to live beyond 100. They work into their 70s.

Senior citizens in 2050 suffer from the hotter climate, which has led many to move from southern Europe to more northern regions. Despite that, AI-driven diagnostics, regenerative medicine, and remote patient monitoring offer the promise of more healthy years.

Economically, they are poorer overall than previous generations, as benefits have been steadily reduced over recent decades.

Quality of Life

Living Conditions

Senior citizens will be the ones to suffer most heavily from climate change. At the same time, they will benefit from advancements in smart home technologies designed to improve safety and convenience, allowing them to live independently for longer periods. Smart sensors, automated home systems, and wearable health devices will monitor their well-being and provide assistance when needed.

Urban planning will focus on age-friendly cities, with accessible public transportation, parks, and community centres designed to support the mobility and social engagement of older adults. Rural areas may need targeted policies to ensure similar accessibility and support.

Social Engagement

Community programs and digital platforms will facilitate social interaction, helping to combat loneliness and isolation, which are common concerns for the elderly. Virtual communities and social networks tailored for seniors will provide opportunities for meaningful engagement.

Intergenerational initiatives will foster connections between young and older generations, promoting mutual support and understanding.

Lifelong Learning and Activities

Opportunities for lifelong learning will be expanded, with educational programs and workshops designed specifically for seniors. Online courses and community classes will allow them to pursue new interests and hobbies.

Cultural and recreational activities will be readily available, with discounts and special programs aimed at encouraging seniors to remain active and engaged in society.

Healthcare Needs

Personalised Healthcare

Advances in personalised medicine, driven by innovations such as CRISPR-Cas and AI, will enable tailored treatments based on individual genetic profiles and health data. This approach will improve the effectiveness of treatments and management of chronic conditions common among seniors.

Wearable health technology and telemedicine will play a crucial role in monitoring health conditions, providing real-time data to healthcare providers, and reducing the need for frequent hospital visits.

Integrated Healthcare Systems

Healthcare systems will be more integrated, ensuring seamless communication between different healthcare providers and services. Electronic health records will be interoperable across various platforms, allowing for better-coordinated care.

Preventive care will be emphasised, with regular screenings and early intervention strategies to manage health issues before they become severe.

Mental Health Services

Mental health will be a significant focus, with accessible services to address issues such as depression, anxiety, and cognitive decline. Counselling, support groups, and mental health apps will be readily available.

Programs to promote cognitive health, such as brain-training activities and therapies for neurodegenerative diseases, will be widely implemented.

Economic Equality

Pension Systems and Financial Security

Pension systems will need to be robust and sustainable to ensure financial security for senior citizens. Governments will work to balance the funding of pensions with the needs of a shrinking workforce.

Financial literacy programs will help seniors manage their finances, investments, and savings more effectively. Support services will assist with navigating pension plans and benefits.

Employment Opportunities

Flexible employment opportunities will be available for seniors who choose to or need to continue working. Part-time positions, freelance work, and consulting roles will provide options for those who want to remain economically active.

Policies will support the employment of older adults by encouraging age-friendly workplaces and combating age discrimination.

Affordable Healthcare

Ensuring that healthcare remains affordable will be critical. Subsidies, insurance reforms, and public healthcare funding will aim to reduce out-of-pocket expenses for seniors.

Programs to assist with the costs of long-term care, medications, and medical devices will be essential to maintain economic equality and prevent financial hardship due to health-related expenses.

Methodology

Overview of the Interview-Based Methodology

The interviews for the report were conducted via Zoom between December 2023 and March 2024.

They were semi-structured and lasted between 30 and 60 minutes.

The experts were asked to identify the most important challenges they see for Europe in the coming decades, with a view to 2050.

Selection Criteria for Experts

For this report, 15 experts were selected based on diversity of expertise, geography, gender and age.

The 15 experts, in alphabetical order:

Mariam Bitsadze

International Relations Specialist, Georgia

Malgorzata Bonikowska

THINKTANK, Poland

Cathryn Clüver

Bertelsmann Foundation, Germany

Tim Gordon

Best Practice AI, UK

Johann Harnoss

Boston Consulting Group, Germany/USA

Angela de Martiis

Economist and Consultant, Italy

Thibault Muzergues

International Republican Institute, France/USA

Christian Ghinea

Publisher and Activist, Romania

Heather Grabbe

Bruegel, UK/Belgium

Monika Köppl-Turyna

Eco Austria, Austria

Anđelko Milardović

Political Scientist, Croatia

Birgitta Ohlsson

National Democratic Institute, Sweden/USA

Bart Somers

City of Mechelen, Belgium

Johannes Schroeten

Energy & Climate policy expert, Germany

Richard Youngs

Carnegie Europe, UK/Spain

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Appendix

Europe 2050 Scenarios

It is, of course, impossible to predict what life will be like for newborns and for young and old people in 2050. However, it is possible to make assumptions about the pathways to 2050 and their endpoints, to package them into scenarios and to deduce what this might mean for different age groups.

A best case/worst case/most likely approach has been adopted to arrive at these three scenarios. The critical conditions and their three iterations have been distilled from the expert interviews and desk research. They are not necessarily reflective of the author's opinion, are certainly not exhaustive and may ultimately turn out to be wrong.

While much is beyond Europe's control, the challenges and their impact on the different age groups in 2050 are then framed in terms of how to proceed with a view to the best case, even if the most likely scenario is, by definition, the most probable.

	Best case scenario	Most likely scenario	Worst case scenario
Climate and Environment	Net zero achieved	Net zero achieved	Net zero failed
	Speed of adaptation matches the speed of climate change	Speed of adaptation accelerates but does not match speed of climate change	Parts of Europe become uninhabitable; Southern Europe left behind
Demography	Replacement rate surpassed	Replacement rate failed, but ageing slowed	Demographic implosion
Migration	Brain drain from poorer European regions reversed	Brain drain from poorer European regions halted for the most part	Brain drain from poorer European regions continues
	Europe has an overarching migration strategy that together with a rise in fertility fixes the labour shortage	Successful migration policies replicated across Europe	Fortress Europe
Geopolitics and Security	Russia democratises	New cold war	War in Europe
	China contained	Ongoing regional conflict in Asia	War in Asia
	NATO strengthened, Ukraine joins	NATO as is	NATO weakened
	Europe can defend itself	Europe remains dependent on US, but US still committed to transatlantic partnership	Europe remains dependent on US, but US less and less interested in Europe
	Ukraine politically and economically integrated into EU	Ukraine economically integrated into EU	Ukraine still a battlefield
			Regional war in the Middle East
Technology	Europe is strategically autonomous on most critical technologies	Technological dependency on the US	Technological dependency on the US and China
	Europe becomes world leader in several technological fields	Europe is able to remain a world leader in a couple of technological fields	Europe falls further behind in technological innovation

	Best case scenario	Most likely scenario	Worst case scenario
Politics	Centrists with a majority in the European Parliament, and all but a couple of big member states	Far right second or third strongest force in the European Parliament, and a couple of big member states	Far right strongest force in the European Parliament, and big member states
	Comprehensive political and democratic innovation implemented	Some political and democratic innovation implemented	No significant political and democratic innovation
	Civic satisfaction with democratic politics restored to above 50%	Civic satisfaction with democratic politics hovers around 50%	Civic satisfaction with anti-democratic politics above 50%
	Disinformation is largely under control	Disinformation a big challenge but mostly manageable	Disinformation completely out of control
Economy	Global trade: tense but flowing	Isolationism, global trade weakened	Isolationism and deglobalisation
	Public debt reduced	Public debt contained	Public debt crisis
	Citizens working productively for longer	Citizens working productively for longer	No significant change compared to 2024
	GreenTech, DeepTech and Defence as growth drivers	GreenTech, DeepTech and Defence as growth drivers	Economic stagnation across Europe
	Single Market completed	Single Market not completed	Re-nationalisation of some EU competencies
			Labour shortages due to lack of skilled workers
			Decline in labour productivity, particularly in the Mediterranean
			Deepened north-south inequality
Energy	Reorganised and integrated European energy infrastructure	More integrated European energy infrastructure	Fragmented and easy-to-target energy infrastructure
Education	Technology-assisted tailored learning across Europe	Wide variation between member states	Incremental change in education systems

	Best case scenario	Most likely scenario	Worst case scenario
Health	Personalised medicine	Rationed access	Two-tier medicine
	Next pandemic mitigated	Next pandemic managed better	Next pandemic hits badly
	Living healthier for longer	Wide variation between member states	Life expectancy-curve reversed
	E-health records interoperability solved	Progress but still a jigsaw	Data silos
	Personal robots, Brain-machine interfaces, Biomechanical enhancements available widely	Rationed access	No significant technological progress
	Multi-resistant bacteria eradicated	Multidrug-resistant bacteria can be contained	Multidrug-resistant bacteria cannot be contained
	Climate change-induced return of malaria and other diseases contained	Climate change-induced return of malaria and other diseases	Climate change-induced return of malaria and other diseases
	Mental health crisis in most member states contained	Mental health crisis across Europe among several member states	Mental health crisis across Europe
Social	Social cohesion maintained in most EU member states	Social unrest becomes more regular in several EU member states	Civil war-like social conflict within a few EU member states
	New togetherness	Loneliness contained	Loneliness epidemic
	Financial security in old age for most Europeans	Old-age poverty the exception in most EU member states	Widespread old-age poverty
	Gender equality achieved	Gender equality: progress but still some way off	Gender equality backstep

About the Author

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Josef Lentsch is a political entrepreneur, book author and advisor. In 2012, he co-founded the Austrian political party NEOS, and after its successful entry into the Austrian Parliament, he worked until the end of 2018 as the founding director of its think and do tank, NEOS Lab. From January 2019 to January 2024, he was Managing Partner and Chief Innovation Officer at the non-partisan and independent The Innovation in Politics Institute. In 2019, he published his book “Political Entrepreneurship - How to Build Successful Centrist Political Startups”. Since then, he has worked with international political foundations and advised political parties across Europe, the Middle East and Africa. Josef holds a Master’s degree in Psychology from the University of Vienna and a Master’s degree in Public Administration from the Harvard Kennedy School.

