Tomorrow's Affairs
Analysis of today
Assessment of tomorrow

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The lack of Europe's progress is not a technocratic problem, but a political one

The Rhine Group, launched this week with the goal of restoring Europe's capacity to innovate, grow, and compete globally, is an unusual initiative: a private club assembled to do what public institutions are supposed to do.

Nonetheless, it has brought together many household names, with former European Central Bank President Mario Draghi and the tech entrepreneur Patrick Collison serving as co-chairs.

Luis Garicano, an LSE economist and former liberal member of the European Parliament, is the executive director.

Many other company founders, financiers, former ministers, serving regulators, senior media figures, and economists—including the Nobel laureates Philippe Aghion and Bengt Holmström—have signed on.

Few other organizations could assemble such intellectual authority, corporate power, and institutional experience in one place. But that is precisely why this initiative deserves scrutiny.

Policymaking driven by personalities

True, the concerns it hopes to address are real. Europe is falling behind technologically, struggling to mobilize capital, and becoming dangerously dependent on technologies from the United States and China.

Without urgent action, it will lose the ability to finance self-defense, health care, pensions, education, climate investments, and social protection.

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The Rhine Group was created to end this paralysis. But despite the severity of its diagnosis, it has so far offered a remarkably thin prescription: Europe must "compete, build, and grow again."

Even more troublingly, it is reproducing some of the same habits underlying the paralysis. Once again, we have policymaking driven by personalities, rather than by political vision, with technocratic fixes being handed down from above.

The lack of progress is not a technocratic problem

The Draghi agenda has not stalled for lack of evidence supporting its recommendations.

The issue, rather, is that common borrowing, industrial subsidies, capital-market integration, and regulatory simplification would all redistribute power, costs, and benefits across countries and social groups. That makes them a source of political conflict.

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The group's own diagnosis narrows the range of possible answers. Consider this striking statistic in its founding statement: only four of the world's 50 largest technology companies are European.

In highlighting this metric, the authors have already smuggled in a political argument.

If Europe’s problem is defined simply as the absence of American-sized technology companies, it need only facilitate greater scale, more unicorns, and more concentrated capital by removing constraints on companies seeking to become dominant. But is that really Europe’s problem?

Deregulatory bent

Although the Rhine Group has not yet published a policy program, its deregulatory bent is visible in its members’ past work.

For example, in a 2025 essay, “The Constitution of Innovation,” Garicano and Rhine Group members Holmström and Nicolas Petit, a law professor at the European Institute in Florence, argue that the EU has “confused regulation with progress” and should make economic prosperity its overriding purpose.

Once again, this is a fundamentally political argument. In presuming that growth must come before competing social, environmental, and democratic objectives, the authors present an inherently ideological choice as a technocratic one.

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After all, Europe has many strengths that rankings by market capitalization tend to miss, including world-class research, a dense industrial base, skilled workers, universal public services, strong competition rules, and digital public infrastructure.

Social protections and regulatory capacity do not represent mere fat to cut; they generate resilience, trust, and social cohesion.

The Rhine Group should be opening a debate over Europe’s model, not trying to settle it in advance.

This is especially urgent as AI-driven disruption accelerates. The US is already showing what the combination of weaker social protections and looser tech regulation can produce: eroding trust and intensifying political backlash.

Europe’s model—far from being a cost to trim—may be exactly what enables it to absorb the AI shock without the same fracture.

The group’s geographic and social composition

The group’s geographic composition is also problematic. Among its 55 listed members, only one is associated with an EU country that joined in 2004 or later: Toomas Hendrik Ilves, who left the Estonian presidency a decade ago.

There are no Poles, Czechs, Romanians, Lithuanians, Slovaks, or Bulgarians.

Yet Central and Eastern Europe contain some of the EU’s fastest-converging economies, its most advanced digital states, and the countries that understand most urgently that economic and technological dependencies are also security vulnerabilities.

Will these countries once again be on the receiving end of Western European prescriptions, rather than serving as co-authors on a genuinely EU-wide strategy?

The group’s social composition is similarly flawed. Its male-dominated membership includes leading bankers, investors, and executives from the very sectors that stand to benefit from the policies it is likely to promote.

Will Collison remain on Meta’s board while co-chairing a body designed to end Europe’s dependence on foreign technology platforms?

And where are the representatives of organized labor, civil society, or ordinary consumers?

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Of course, practical business experience is certainly needed. But Europe’s governing class has long treated proximity to power as a form of expertise, rather than recognizing it as a potential blind spot or constraint on its reformist imagination.

The presumption is that the people most deeply embedded in the existing order are the most qualified to transcend it.

While some of those best placed to scrutinize the effort—the editors of the Financial Times and The Economist, and the publisher of Le Monde—will also be in the room, they will be there as members, not as watchdogs.

Europe must become a better version of itself

That room will operate under Chatham House Rules, and the group itself will be a Swiss association registered at the Geneva offices of a trust-services company.

None of this is improper, but surely a private club seeking to shape European public policy should voluntarily offer more transparency.

Europe will not become more economically dynamic by fashioning itself into a less successful version of America. Instead, it must become a better version of itself

Draghi’s participation is perhaps the most telling detail. His career demonstrates what public institutions can achieve, but his embrace of a private, closed-door forum betrays how little confidence Europe’s liberal establishment has in the political process.

The implicit premise is that if governments will not act, the “right” people must assemble outside them and show the way.

The Rhine Group could prove useful. But it should open its doors, disclose its interests, bring in Europe’s eastern members, and include those who will have to live with its proposals.

Above all, it must stop treating the US economic model as the only option. Europe will not become more economically dynamic by fashioning itself into a less successful version of America. Instead, it must become a better version of itself.

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