

European Union

What future for Europe?

- March 25 will mark the 60th anniversary of the signing of the Treaty of Rome. How can we celebrate this event without stopping to take stock of the obstacles now facing the European project?
- The European Commission has tried to shed some light on future trends by examining five possible scenarios.
- The leaders of the biggest eurozone member states already seem to have opted for a multi-speed Europe. Yet this is surely not the clearest choice for Europe's future, nor does it come without risks.
- The European Commission intends to fuel debate in the months ahead, in the hopes that by the end of 2017, European executive leaders will be in a stronger position to pick a scenario and push forward European construction.

The Treaty of Rome creating the European Economic Community celebrates its 60th year this Saturday, 25 March. Yet it is hard to imagine this anniversary celebration without stopping to think about all the obstacles currently facing Europe, notably the rise of Euroscepticism in several member states; the questioning of the project by other world powers, notably the United States; the UK's decision to exit the EU; and the difficulties of removing the stigma left by a major economic crisis that revealed the single currency's dysfunctions.

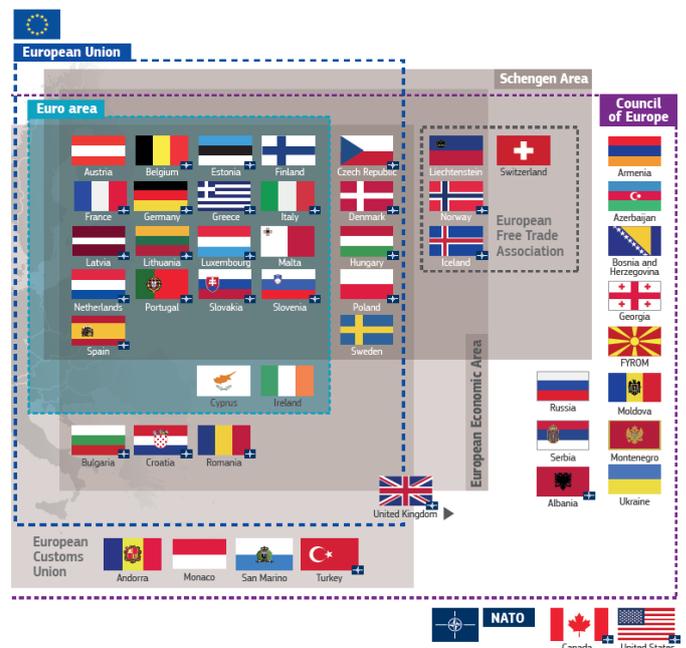
Today, how should we talk about Europe's future? The European Commission rose to the challenge with the recent publication of a white paper on the future of Europe. Its objective is to clarify the terms of the debate by demonstrating that we are not faced with a binary choice between more or less Europe, and to help citizens understand the concrete implications of future evolutions. According to the Commission, member states have several options to choose between.

Five scenarios for the future

The first scenario is to carry on the current path. Today, the European project boasts vast ambitions, in terms of social harmonisation and the convergence of living standards, with all EU countries striving to integrate the euro... But in practice, progress is only limited and gradual, since it is hard to get all 28 member states to agree on these issues. The problem is that the gap between expectations and realisations fuels public mistrust and the rise of Euroscepticism.

The second scenario is nothing but the single market (basically a programme that would have pleased the UK). It would mean renouncing other common policies like convergence, European structural funds and the common agricultural policy. It would also mean foregoing the ambition to harmonise social welfare and environmental standards between member states. Focusing on new

Europe today



Chart

Source: European Commission

priorities for Europe would offer the advantage of adjusting European ambitions to its concrete realisations. Yet the major risk of this scenario is to trigger a race to the bottom in terms of fiscal, social and environmental standards, through competition between member countries. This non-cooperative strategy would obviously be harmful for the citizens of the EU as a whole. Moreover, under these conditions, what would be the euro's role and future?

The third scenario is to launch a multi-speed Europe, allowing one or more circles of countries that are willing to do more in specific areas of integration.

The fourth scenario is to do less but more efficiently. Member states would still advance altogether, but in fewer areas, with greater financial resources, and with a certain loss of sovereignty. To be more efficient, more restrictive decision-making procedures would be adopted, like those already set up for banking supervision and competition policy.

The fifth and last scenario is to do much more together, to strive for greater integration with the ultimate goal of creating a federal union.

A multi-speed Europe: the *de facto* choice without debate?

Of course, not all of these scenarios are real possibilities, but by presenting them, the Commission highlights the implicit choices hidden behind the big options. The Commission insists on the fact that preserving national sovereignty on fiscal, social and



environmental issues within a single market risks fuelling competition that could hinder progress on these fronts, and could even undermine the advances already made by member states. Inversely, harmonisation and integration cannot result in high standards and efficient policies without the transfer of sovereignty to the European level.

The leaders of EU member states could use this white paper to present their citizens with clear, coherent choices. But will they do it? A few days ahead of legislative elections in the Netherlands, France held a summit meeting of the leaders of the eurozone's four biggest countries, which are also the biggest of a post-Brexit EU-27. They are clearly heading towards a multi-speed Europe, in which those who want to can pursue deeper integration. In the current environment, defence and intelligence are presented as the most probable areas for advancement. In economics, there will ultimately be the question of fiscal and social harmonisation, or the creation of a fiscal capacity for the eurozone. For these leaders, this approach offers the advantage of being based on voluntary efforts and inter-governmental decision-making procedures, which they have tended to favour since the outbreak of the crisis. Assuming they can reach agreement, a multi-speed strategy should also enable the eurozone member states to deepen integration – which is absolutely necessary to anchor the single currency – without being hampered by the need to convince the entire EU-27.

Yet this is not necessarily the clearest choice, nor does it come without risks. First, it leaves no way of knowing in advance in what direction the EU intends to evolve in the years ahead, as this direction will be the result of the different circles of integration that the countries will decide, or not, to implement. There is no way of ensuring the coherence between the different domains in which progress is made, and whether they will form a stable body for both

the EU and the eurozone. Second, it should be hard to prevent a multi-speed Europe from creating new opportunities for a Europe “à la carte”, with member countries picking and choosing to opt in or out. Forming a powerful hard core group, the four member countries attending the summit are counting on their size and power to sway other members. But how can they prevent the smallest member states from adopting free-rider strategies? The third risk is division. Several member countries fear that a “multi-speed Europe” masks the determination of some eurozone countries to go it alone, and worry about what consequences that might have.

In the months ahead, the European Commission intends to continue fuelling debate by publishing a series of papers on developing the social dimension of Europe, deepening Economic and Monetary Union, harnessing globalisation, the future of Europe's defence, and the future of EU finances. Hopefully all of this will encourage the heads of state to take the initiative at the next European Summit in December 2017, provided that upcoming elections in several member states will give the future executive leaders the political capital necessary to develop proposals.