

Europe – the Final Countdown or Resurrection Time? Reclaiming the European Project

Comments by

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In March 2012, the Heinrich-Böll-Stiftung European Union requested a group of academics, journalists, writers and other intellectuals to write on the state of the 'future of Europe debate' in their respective countriesⁱ. As the year is coming to an end, former MEP Pierre Jonckheer was asked to provide his own thoughts on the matter and to comment on the contributions. The first part of this text, therefore, contains general impressions from the readings made available on the website, which help clarify certain points in the debate. The second part comments upon the Eurozone crisis' impact on the Union, independently of the published articles.

1. Disappointed hope, strong apprehension: looking for an Europe that protects values and fundamental rights

Unsurprisingly, reading the contributions available online primarily provides insight on the national, and at times dramatic, singularity of situations. The European question is inherently considered across the prism of historical, cultural and societal realities of each country. This basic fact gives structure to the past and future history of the European Union (EU). The relations between nations and the European Union are central to the future of the European construction. The eurozone and financial crises have only accentuated tension among Europe's various centres of institutional power – regions, states and Union – as manifest in Catalonia and Flanders, for example. The definition and implementation of a European general interest currently exists only through the negotiation practices of national actors.

Despite the weight of national realities portrayed in the various articles, a common approach or at least a few common traits can be found in the texts. Contributing authors share a favourable attitude toward the idea of European unity (mostly in reference to Europe in general, less precisely for the most part in the European Union as a political regime. All the authors adhere, explicitly or implicitly, to the idea that the European construction after the Second World War carried the hope of peace and prosperity that then propagated itself to the entire continent after the implosion of the soviet empire. The analysis of the European Union as a positive normative power is clearly present in many of the contributions: a power in terms of affirming values, rules and modes of democratic behaviours in all domains of social life as summed up in the Treaty of Lisbon and the Charter of human fundamental rights. As such, it is often mentioned that the European community was an important lever, if not an exclusive one, to implementing needed reforms in the various countries. Finally, the texts that refer more directly to the euro and eurozone crisis share the opinion according to which the European currency requires new transfers of power from states to the European Union.

Given this positive attitude toward the European structure, it is not surprising that all of the contributions were also worried about the future of Europe. In many EU countries, the increase in populismⁱⁱ, the lack of respect for fundamental rights, the exclusion of minorities, and the increase of socio-economic inequalities blatantly undermine the European dream. The Union becomes not only the crucible of disappointed promises but in the same breath a hostile actor, primarily, but not only, for those subject to structural adjustment programs under (far from

imaginable a few years ago) the IMF, the ECB, the ECOFIN Council and the European Commission. Several readings reveal a real apprehension regarding current events. There is clearly a shared feeling among the authors that 'Europe is at a crossroad'. A series of countries have also found themselves at this stage and their experience is spilling over to others. The futures of European nations are linked to the future of the European Union and vice versa.

If there is such a thing as a disappointed European dream, the desire and will for a united Europe persists among our authors, nonetheless. This is the motivation behind the European movement for 'Another road for Europe'ⁱⁱⁱ, in which partakes **Mario Pianta**. Similarly, the contribution of the Greek journalist, **Nikos Chrysoloras**, stipulates very clearly what could be an alternative for taking Greece and the European Union out of the impasse of austerity.

Effectively, the authors expressed questions and apprehensions regarding the future of Europe that were practically and inextricably linked to the economic and social disillusionments born from the European model's feeble resilience to the repercussions of the international banking and financial crises. The miraculous 'Celtic tiger', the rapid ascension of the Baltic States, the buoyancy of the Spanish model, etc., all left in their wake strong economic and social misfortunes, in the end revealing striking differences within the European market. These events put into question economic and social policies that in turn shook up economic and social policies in terms of individual (member state) and collective (EU) responsibilities and in terms of solidarity among Member States within the European Union and the eurozone, and finally begged the question of allegiance to the Union.

The purpose of the European Union: overcoming political ambiguity?

Among the 27 Member States of the EU, there is a deep political discord concerning the role to be fulfilled by the EU and the ensuing powers it should be equipped with. It is commonly said that the EU was founded on political ambiguity, the very condition of its success or progression to the extent that it helped achieve consensus among the 27. This road has come to an end. The euro and the impact of the international financial crisis on the eurozone economies beg the question of whether more integration, cooperation and solidarity among the Member States are needed. However, governments' restrictive attitudes toward the EU's future multi-annual budget as well as refusing to accord the ECB the status of lender of last resort or to create European T-bills (Eurobonds) are just a few of the crucial subjects for which there is no consensus not among 17, let alone among 27. Whichever way we look at it, my feeling is that the European crisis will worsen and the hour of patching agreements has yet to pass. As Mark Leonard wrote "However, what is economically necessary is politically impossible (...) this is the root of Europe's political crisis: the necessity and impossibility of integration (...)"^{iv}.

Even if this diagnostic is correct, resignation is not the answer. It would be tempting to say that overcoming this 'political impossibility' is imperative, no matter the cost. The discussion and decision the European Council will take on the Van Rompuy document will be the key indicator of whether sufficient levels of integration can possibly be achieved among the 27.

Topical agreements on specific subjects such as the 'reinforced cooperation' proposal on taxing of financial transactions represent steps toward a differentiated integration within the heart of the Union. By the same token, the proposals for the development of transnational, European projects, as unifying shared interests by at least one significant group of countries should be granted the go ahead. In this regard, the European community of energy is the most commonly cited proposal.^v

The eurozone crisis has also raised questions regarding the democratic nature of the European decision and, hence, the legitimacy of the integration process. Support of the Union, according to Eurobarometer poles, is at a historical low.^{vi} Pascal Lamy succinctly explained this when he stated that “discipline, solidarity and legitimacy” should go together but that in today’s Union it is obvious that discipline is the main issue.^{vii} Today the most prevalent feeling in several countries, in particular those most affected by the crisis, is that European discipline imposes itself without true solidarity behind it and that discussions on available options are the purvey of select committees in Brussels and Frankfurt.

If the answer to the crisis is more authority for European institutions, it is certain that their legitimacy must be strongly reinforced. However, if one were to support the idea that “discipline, solidarity, and legitimacy” go together, then the Union’s government arguable requires a double form of legitimacy: the first, institutional, is that of participative and representative democracy and the second, societal, consists of objectives and results of policies carried out in the name of the EU. The idea is that results and therefore underlying are as important to bring about popular support to the European project as the manner in which decisions are made and implemented.

Legitimacy’s double dimension, therefore, has two implications. Direct and indirect democratic participation in the Union must be reinforced. For instance, improving the procedure for the European citizen initiative and granting the European Parliament the right to initiate legislation are valid means to this end. Most of all, new policies need to be developed that enable fundamental and social rights to be exercised in this period of globalisation. Today, the opposite is observed. Reforms have led to social regressions and increased the numerous categories of precarious workers. More than ever before, the European Union is more explicitly associated to these evolutions than in the past, as exemplified by the notorious “Troika”.

The European dream can only continue to exist if tomorrow’s policies are inspired by radically different ideals than today’s: one of the most ambitious being a basic European income for EU citizens.^{viii}

2. The Eurozone crisis and its repercussions on the future of the European Union

Some repeatedly maintain that the European Union developed as a response to crises, such as the current one. In contrast, some think that the current small steps method of integration has reached its limits and that the choice of the only appropriate political regime can no longer be protracted: European federalism, as the Union’s political process would gradually fall prey to oblivion.^{ix}

Politically, options today are not as clear cut. What do we see? Up to now, the eurozone crisis has had a double effect on the EU. On the one hand, it weakened the Union. On the other, governments’ decisions in response to the crisis reinforced the Union’s role (Council and Commission) in framing national economic policy of Member States. In other words, the process of political integration continues but it is fragile; it appears as imposed upon policymakers by investors’ real or anticipated constraints rather than as outcome of a shared vision of the European interest. What comes next is difficult to predict as striking differences in opinion regarding the desired level of political integration within the Union persist.

For cultural and political forces in favour of European integration, obstacles not only stem from the absence of any agreement regarding legal and institutional foresights, but area equally beholden to governments’ political solutions to exit the crisis. The emphasis placed on reducing

public debt levels in all countries on the one hand and on the other hand on structural reforms aimed at labour market and salary regulations have led to continued economic recession and increased unemployment and inequalities. The outcome is social regression for a substantial portion of Europeans. As this choice is made in the name of Europe, those who typically plead in favour of 'more Europe' are faced with a daunting task. Given current circumstances, deepened integration will be possible only when a new social contract (both social and environmental) is placed at the heart of public debate and public opinion convinced that the Union has a positive and necessary role to play in its implementation. Meanwhile we see the opposite situation unfolding in front of our eyes.

The eurozone crisis uncovers the Union's political fragility...

The eurozone crisis and the Greek situation in particular, but also a possible referendum in the UK in 2015 on Union membership, all remind us that European integration is not irreversible.

Before the beginning of the financial crisis, the very idea that a country could opt out of the euro was unimaginable. The Treaty of Lisbon does allow for Member Countries to leave the Union, but no one seriously considered this scenario. To the contrary, European enlargement to all former Yugoslavian countries remains a strongly advocated objective on the Union's agenda.

The eurozone crisis and its management at the national level has laid bare the extent of the Union's political fragility. This fragility is not only institutional, it also stems from the diversity of Member States' respective situations and the lack of convergence in terms of rights and more emphatically in political, cultural and social practices. The loss of trust among states and, especially, strong criticisms from multiple citizen groups have further contributed to this fragility. These four contributing factors are described as follows:

- The institutional architecture defined in the Treaty is unbalanced because European powers are insufficient. A number of economists argue that these powers are needed to manage the single currency, without them the Union lacks the characteristics of an optimal monetary zone. After the first ten calm years (1999-2009), the first asymmetric shock of significance in the aftermath of the financial crisis confirmed the 1992 Treaty of Maastricht's ineffectiveness. The treaty has not once been amended since, not even during the process of drafting the European Constitutional project in 2002-2003.
- The behavioural change of private lenders in differentiated treatment of each Member State has highlighted economic and social heterogeneity within the eurozone. The most indebted governments have found themselves on the defensive and the Union's institutional inability to assist members (specifically, the absence of a lender of 'last resort') has further weakened the position of governments with respect to their lenders.
- With regard to cultural and political relations among national governments within the Union's Council, loss of trust and cultural stereotyping among nations has re-emerged, alarmingly. Loan conditionality negotiations are argued on the basis of moral imperatives rather than sound guarantee of economic sustainability. Germany's dominance in the decision process suggests a new de facto hierarchy among States rendering the Union's legal principal of State equality purely rhetorical. Outside of the eurozone crisis, the political situation in Hungary and Romania are also illustrations of weakness of the Union's agreement regarding values and fundamental rights and impacts negatively on relations among governments within the Council.

- In terms of public opinion, electoral results and polls have indicated growing discontent with 'Europe' over the past several years. These results vary from country to country and are not necessarily as negative as sometimes portrayed in the press. The European project continues to be perceived as necessary but the crisis and the Union's remedial measures have exacerbated the progression of flaunted euroscepticism.^x

...but will end up reinforcing the Council and the Commission's role in the determination of national socio-economic policies...

Under pressure from financial actors and in spite of its political fragility, the European Council made qualitative changes to the rules of 'coordination' on economic policy. The eurozone crisis is interpreted according to two, not necessarily mutually exclusive, perspectives. In the first scenario, institutional weaknesses of the monetary zone is the key culprit and in the second scenario emphasis shifts to national budgets and public debt policies.^{xi} Both dimensions have thus far been taken under consideration.

Europe's macroeconomic policy has been transformed on two major fronts^{xii}. A European Stability Mechanism (ESM) will come into effect in 2013 after ratification by national parliaments and the national budgets coordination mechanisms will be strengthened, which includes a review prior to adoption and sanctioning, strict compliance and quasi automatic penalty enforcement for failure to comply. Both measures effectively reduce the degree of Member States' freedom in drafting and implementation of their respective national budgetary policies with the view of rendering the 1992 Treaty of Maastricht objectives effective.

The Van Rompuy report presented to the European Council in June 2012 goes far beyond tightening budgetary coordination. Indeed, it opens doors to greater integration, especially for the financial and banking sectors.^{xiii} The document, however, remains very general and should have specifics spelled out by the end of 2012. The questions sent in September indicate that additional transfers of power toward EU institutions will be required leaving the legitimacy of Europe's decision-making process on questionable grounds.^{xiv}

...and will be used as an opportunity to push through neoliberal reforms that exacerbate inequalities

After the interlude of two years (2009-2010) which saw the deficits soar to stabilise the banking system and mitigate the effects of the financial crisis on growth, governments across the EU began cutting deficits, thus preventing the continuation of European macroeconomic contra-cyclical policies.^{xv xvi}

In addition, structural market reforms have re-emerged as a priority. Structural reform is not a new priority. It has been subject to a number of strategic proposals in the course of the last 30 years, such as 'objective 92' in 1985, the 'Lisbon Strategy' in 2000 and 'Europe 2020' in 2010. As the 2003 Sapir Report and the 2010 Monti Report accurately remind readers, internal market integration is the EU's principal intervention mechanism by which it ensures the Union's competitiveness and for which community institutions are availed appropriate powers (exclusive or shared), decision-making instruments and control.

Governments^{xvii}, the Commission, and the ECB, have currently expressed the desire to push market reform forward despite prevailing economic recessions, especially in the labour market. The claim is that such reforms have been too long in waiting and are inevitable if Europe is to

recover international competitiveness. That being said, internally, the EU remains an uncooperative economic environment. Members struggle for individual survival dampening internal demand while trying to increase export levels to the USA and emerging economies as a means to overcome growth stagnation at the national level. This macroeconomic strategy is contradicted by current results as the Commission's last forecast in autumn confirms Europe's economic stagnation and growing rate of unemployment.

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(c) Green European Foundation

NOTES:

ⁱ Parallel initiatives are also in place, namely the European Council On Foreign Relations that offers interesting reading in the "reinvention of Europe" section of its website www.efcr.eu

ⁱⁱ Erika Meijers, Ed., *Populism in Europe*, Planet Verlag and GEF, 2011.

ⁱⁱⁱ www.anotherroadforeurope.org, www.opendemocracy.net

^{iv} Mark Leonard, Four scenarios for the reinvention of Europe, EFCR, 2011.

^v Proposition developed namely by Michael Schreyer and Lutz Mez, "European Community for Renewable Energy", Heinrich Boll Foundation, November 2008.

^{vi} Eurobarometer, no.77, July 2012.

^{vii} Pascal Lamy, *Europe needs a legitimacy compact*, New York Times, July 8, 2012 and *Setting up and governing the euro*, Notre Europe, Tribune July 10, 2012.

^{viii} Idea defended by Philippe Van Parijs in, *L'agenda 2010: un modèle pour l'Europe? Commentaire sur l'intervention du Chancelier Gerhard Schröder*, Palais d'Egmont, April 17, 2012, www.uclouvain.be/chaire-hoover

^{ix} For example, Daniel Cohn-Bendit, Guy Verhofstadt, *Debout l'Europe!*, Actes Sud, 2012.

^x In addition, to the Eurobarometer polls, there is also Daniel Debomy's *Les européens croient-ils encore en l'UE?*, Notre Europe, June 2012, www.notre-europe.eu

^{xi} A very succinct and interesting summary can be found in Jose Ignacio Torreblanca's note, *Saving the Euro: the Spanish perspective*, ECFR, 2012, www.ecfr.eu

^{xii} The European Council and Parliament adopted six pieces of legislation in November 2011 (JO L 306, 23.11.2011). The Treaty on budgetary coordination, currently in the process of parliamentary ratification, confirms this mechanism.

^{xiii} *Toward a genuine economic and monetary union*, June 25, 2012

^{xiv} The Van Rompuy document mentions this but without specifying anything more than having a Parliamentary consultation at the national level on the existing protocol within the Treaty of Lisbon.

^{xv} See for example a good macroeconomic summary by Simon Tilford, *Economic recovery requires a better deal for labour*, Centre for European reform, London, November, 2012

^{xvi} IMK, *Fiscal Pact deepens euro area crisis*, Report 71, March, 2012

^{xvii} See, for instance, the common letter from 12 prime ministers addressed to the presidents of the European Council and of the Commission: *A plan for growth in Europe*, February 20, 2012



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