Towards the end of the European Union or its renewal?

The union is an ambiguous, incomplete and fragile construction

The ambiguity of the project

A political union or simply a market? The European project has always been more or less ambiguous about the desired objective. The famous Schuman Declaration of May 9, 1950, considered to be the origin of the European project, is undoubtedly the clearest of the founding texts. It assigned the objective of the six signatory states to achieve, through the European Coal and Steel Community, "the first concrete foundations of a European Federation essential to the preservation of peace." Federation, so that was what it was about.

Yet, a few years later, in 1957, the heads of state and government signatories to the Treaties of Rome omitted the reference to the "Federation" and affirmed, not without lyricism but in a vaguer manner, their determination to establish: "the foundations of an ever-closer union between the peoples of Europe." Nothing was said, deliberately, about the formation of this "union" without a capital letter: simple "economic community", political association of nation-states, confederation or even federation as initially planned?

The Treaty of Maastricht in 1992, the third hypostasis of the founding trinity in that it establishes the "European Union", is hardly more explicit. Its preamble affirms that it is a question of "taking a new step in the process of European integration initiated by the creation of European communities." The European project would therefore be a process that one day could lead to a union. Its legal order is therefore inherently unstable. It does not result from a constitution drawn up in one stroke by a convention agreeing on a comprehensive plan, like the Philadelphia convention which gave birth to the American constitution. On the contrary, it results from a series of treaties which have been superimposed and modified one another at the end of bitter negotiations and which form a framework which is sometimes obscure and of such length that it has become illegible to the overwhelming majority of European citizens.

The problem is that this ambiguity, which for a long time played a role described as "constructive" because it made it possible to move forward without actually developing by pretending to believe that we understood each other and by slipping disagreements under the carpet this ambiguity has, in the long-term, become "destructive". As the Union grew, the peoples of Europe felt that a handful of "technocrats" were confronting them with a fait accompli and robbing them of both their sovereignty and their identity.

It was a British Prime Minister, Margaret Thatcher who first capitalized on this original ambiguity and introduced the market worm into the fruit of political union. It is the disastrous 1979 formula "I want my money back" which enshrines the transactional approach of the union, incompatible with the very idea of a general European interest. Unfortunately, it is likely that today some, including citizens of Denmark, Sweden, Austria and the Netherlands, do not wish to see the Union become anything more than a market. It is undoubtedly for fear of this political dimension that Norway and Switzerland

have never joined. As for Ireland, although it reaped immense economic benefits from its accession to the European Union, its citizens still voted against the ratification of the Treaty of Nice in 2001 and then against the constitutional amendment made necessary by the signing of the Lisbon Treaty in 2008.

Finally, by joining the European Union, it is not certain that the majority of citizens of the Baltic States, Eastern Europe, Central Europe and the Balkans wanted to join a political Union. It is not even certain that the peoples of the Member States at the origin of the Union have not also developed a certain ambivalence, perhaps even a frank aversion, to the construction of Europe. An interesting joint report by Sciences Po Cevipof, the Jacques Delors and Kantar Institute showed that the French had become some of the most Eurosceptic people in Europe, just behind the Greeks and barely ahead of the British[13]. As for the Italians, who for a long time were among the peoples most in favour of European construction, they are now at the same level of mistrust as the Greeks and the French. In the end, the ambiguity will only have produced bitter fruit.

The method's shortcomings

If the objectives were ambiguous, then with regards to the method, things were clear from the beginning. In his aforementioned declaration on May 9th, Robert Schuman affirms in fact that: "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity." It is the so-called "small steps" method that has become an absolute dogma, the Alpha and Omega of European "construction". Which condemns it to be a project still under construction where we move forward by stacking brick on brick with "pragmatism", yet without resorting to any architectural plan.

In fact, the idea of moving forward step by step materialized in a series of advances, each of which contained the next seed, and by a ricochet effect, supposedly to make it impossible to go back. Thus, the creation of a free trade area organized around the dismantling of customs, a common commercial policy and four freedoms of movement has led directly to the "Single European market" of the "Single European Act" of 1986. This large market in turn called for a single currency, and if we add the beginning of defence and judicial policy then we have the Maastricht Treaty of 1992. Finally, for the single currency to function optimally it would have been necessary to implement a common fiscal policy. Once this was done, the federal state would have imposed itself as obvious.

This gear method, which worked until the creation of the common currency in 2001, stopped at the threshold of fiscal harmonization and integrated fiscal policy. It has also failed to put in place a truly common defence policy. Seventy year after the Schuman declaration, sixty-three years after the signing of the Treaty of Rome, the European Union has become a wider and deeper community than that from which it originated. However, the goal of the federation now appears to be an unattainable dream, a utopia. Every little extra step comes in the form of crises that are only overcome with enormous effort.

Above all, the UK's exit from the Union defeated the supposedly irreversible nature of the process. The British people have shown themselves to be insensitive to all the economic arguments put forward to show the exorbitant cost of Brexit and have been convinced by irrational arguments

[13] Bruno Cautrès, Thierry Chopin, Emmanuel Rivière - The French and Europe - between mistrust and ambivalence - the essential "return of Europe to France" – Sciences Po Cevipof, Notre Europe Institut Jacques Delors et Kantar – May 2020

relating to their “sovereignty”. This is because, above all else, politics is a matter of passion. People are subject to it, and history is full of examples of how they got carried away by their impulses.

It is therefore time to question the merits of the small-steps method. This method is based on the premise that there is a continuum between the starting state – sovereign nation states - and the desired end state – the federal state. However, this postulate is questionable, because there is a difference in nature and not in degree between a merchant club where one can choose the options à la carte, as in a sports club, and a political Union whose solidarity is the reason to exist, and where we must take together the good and the bad. The difference is reflected in particular by the fact that, in a political union, one may be led to endorse decisions that one does not approve of. It is the same as in a condominium. You can be liable to finance the repair of the roof, even if you live on the ground floor. However, we do not go from club-type management, where everyone stays as long as they get “value for their money” to joint ownership, without a change in statutes and without distribution of thousands. The Union is nothing other than the common home of the peoples of Europe. It’s up to us to organize it properly.

The problem is that today such a change of statutes, i.e. a revision of the treaties, seems politically out of reach. This is because the flag of federalism has been hoisted low and its cause deserted. In front of the cries and howls of populist demagogues, the clerics betrayed. Instead of bringing the debate to life, out of conformism, they are silent. The bravest singe the old tune of small steps and pragmatism. They want action, always action, but don’t know where they are going. Let’s walk! Let’s walk! Exclaims the pro-European choir. The truth is that, like in the opera, the choir stalls.

The weaknesses of the institutions

The first weakness of the European institutions is their lack of efficiency. Member states have taken great care to strictly limit the powers of the Union. This is the parable of Gulliver in chains. It follows that the Union is only effective when it has exclusive powers, for example in international trade negotiations, and that it is ineffective when it only has supporting powers, as in matters of public health, or makes decisions unanimously as in matters of common security and defence policy. In this case, the Union becomes the hostage of a single Member State that can use its veto to block anything. This gives too much influence to domestic policy considerations on Union policy. This is currently shown by the blocking exercised by the frugal club – the Netherlands, Austria, Denmark and Sweden – to prevent any increase in European budget, despite it representing only 10% of the European Union’s population and half of Germany’s GDP. Is this democracy?

The second weakness of the Union’s institutions is their lack of accessibility for citizens. The European Commission is not a real government, but nevertheless has certain attributes of executive power. The Council, in a Byzantine subdivision which is impenetrable for ordinary people, is a two-level structure: the “European Council”, which brings together the head of state and government and the “Council of the European Union” which brings together the ministers of Member states in various forms. This Council is the executor of the interests of the Member States and as such is capable of blocking anything. It is both a senate and a government. Its meetings are very opaque unlike those of the European Parliament, and this seriously undermines democracy. The European Parliament is the best guarantor of the general European interest, but those who drafted the treaties were careful not to give it the power to levy taxes and vote on expenditure. It does not even have legislative initiative. On the other hand, it has given itself a power of control over appointments of European commissioners, which no national parliament has with regards to ministers. One must add to this, since the Lisbon Treaty, the existence of the “High Representative/Vice-President of the Commission” who is supposed to play an important role in the matters of foreign affairs and defence, but whose mission is impossible to achieve. All this architecture of horrendous complexity repels the citizens of the Union from their own institutions, which have suddenly become foreign to them.

Finally, the third weakness is the so-called lack of legitimacy. That it is a mock trial. The European Parliament, elected by direct universal suffrage, provides no lesson in representativeness to be learned from any national parliament. The European Council brings together heads of state and government who all come, directly or indirectly, from universal suffrage. As for the European Commissioners, they are designated by their Member State, and appointed – or not - by the European Parliament, and this designation give them full legitimacy. Only the processes for appointing the President of the European Commission and the President of the Council are open to criticism. It has indeed happened in the past that the heads of state and government agree on bland characters, with the ulterior motive that they do not overshadow them. The Lisbon Treaty sought to correct this shortcoming by requiring heads of state and government to take into account the results of the elections to the European Parliament. This new provision led to the so-called *spitzenkandidat* system consisting of appointing President or President of the Commission, the candidate approached by the parliamentary group who won the European elections. However, in the absence of transnational political lists, the democratic nature of this process is hardly convincing. It did not convince President Macron, who publicly opposed it, causing a minor political crisis. Only the development of political parties represented in the majority of Member States would be likely, without changing the Treaties, to remedy this lack of legitimacy.

The Union is going through an existential crisis which could either lead to a setback, or a step forward

A cyclical crisis that touches the heart of the European project: solidarity

The current crisis, as a result of the Covid-19 pandemic, has three major characteristics. The first is that it comes after all the others: Iraq 2003, Negative French and Dutch referendums of 2005, the 2008 economic crisis, the Greek crisis between 2009 and 2012, Libya 2011, Ukraine 2014, the terrorism and refugee crisis 2015, Brexit 2016-2020, Atlantic Alliance crisis 2018-2020. It can certainly be argued that anything that does not kill the Union strengthens it and that the construction of Europe is the sum of the solutions provided to all these crises. This is true. However, it is just as true that each crisis destroys a little bit more of the *affectio societatis* of Europe and that by through these scars the project is disfigured.

The second characteristic of the crisis is that it is multidimensional – health, economic and cultural – and that its repercussions are unprecedented in our societies. It is, in the words of Jean-Claude Juncker, a “polycrisis” and, according to the OECD, the worst peacetime recession in the last hundred years.

Yet the third and most important characteristic of the crisis is that it touches the heart of the European project: solidarity amongst its members. The lack of initial solidarity laid bare the European project. It is true that since then new and significant steps have been taken, such as Germany’s acceptance of a common debt of the Union. The Union has reacted massively, both the European Central Bank with a plan to buy debts of 1,350 billion euros, and the Commission, which has endorsed a set of measured totalling more than 1,000 billion euros: 750 billion for the recovery plan, 100 billion for the SURE device concerning partial unemployment and another 250 billion euros for the European Solidary Mechanism. Contrary to the Greek crisis, we cannot say this time that the Union has done too little, too late. The response was massive and swift. However, these are only small steps on the long road of the European project: nothing definitive can be achieved in the area of budgetary union, nor in the area of fiscal union. It is not sure at this stage if we can go further.

Make no mistake, the current crisis in the European Union is above all political: it once again raises the question of the nature of the Union: market or political union, it is in that this is it existential and that it places the Union in "mortal danger", as Jacques Delors must have recalled when breaking his silence.

A market, without a minimum of solidarity, is just a vulgar market, a place where one does business. Yet for a long time the Union has been much more than that. The markets have no flag, no anthem, let alone a passport. Even embryonic, a European identity exists. Beyond the symbols, the structural funds made it possible to catch up all the countries which were lagging behind and the single currency helped the poorer countries, which previously devalued their currency regularly to compensate for their losses of competitiveness. The Euro remains incomplete and fragile without an integrated fiscal policy. This is a truth accepted by economists of all political backgrounds and demonstrated by two Nobel Prize winners: Joseph Stiglitz and Milton Friedman. Of course, the euro has survived. Although it has failed to delivery on all of its promises, especially to bring more growth and to become an international reserve currency on par with the dollar. That's why European companies have had to bow their head to Donald Trump's determination to halt trade with Iran.

If we really want the Union to be just a market, then we should stick to a purely transactional logic. This would imply removing the discounts enjoyed by Germany, the Netherlands, Austria and Sweden, since these countries only pay a quarter of the contribution that should normally be requested of them. Structural funds should also be abolished, which should not follow this logic. Then we should also put an end to the euro and return to national currencies, so that less competitive countries can regain the freedom to act on their exchange rates and interest rates. The policies of "harmful tax competition" from which Ireland and the Netherlands have derived immense benefits should also be put to an end. Finally, why not re-establish physical borders between the Member States, in order to limit social dumping? Do we really want all of this: a big leap back?

Yet if the Union is more than a market then it must be given the institutions necessary for its proper functioning, starting with security and defence. Because if the Union is unable to protect its citizens, then what is the Union for?

A structural weakness: the inability to protect itself and its citizens

Beyond the cyclical crisis it is going through, the Union is affected by a structural weakness: it is unable to face threats alone and relies on the protection of the United States.

However, this is not inevitable and certainly not a question of budgetary means, as the recurring debate on "burden sharing" within NATO might suggest. Indeed, the sum of the defence spending of the twenty-seven members of the European Union (187 billion euros in 2018) is almost five times greater than what Russia spends (40 billion euros), and higher than what China spends (147 billion euros). This is proof that if the Union considers itself- and rightly – incapable of defending itself against the Russian threat, it is because its defence is fragmented and falls under the sovereignty of the Member State. The problem does not lie in the volume of expenditure, but in its structure. It is the lack of integration of the different national armies that makes the Union militarily powerless. Despite all the aforementioned effects, the common defence policy remains embryonic and common defence does not seem ready to exist.

Defence decisions are made unanimously by twenty-seven governments and implemented by twenty-seven defence ministries, each with their own priorities. Each state sees noon at its door and threats at its window. The countries of northern and eastern Europe, including Germany, are relying on the protection of the United States. Donald Trump could spit in the face of their leaders and they would still continue to worship NATO. Their fear is so great and their recognition so blind that they are willing to pay for protection, as for the countries of the South, they also rely on American protection,

but more for industrial reasons than out of fear of Russia. Only France intends to pursue a policy of national independence. Yet France is isolated and this policy of independence has found its limits, especially in the Sahel where French special forces are too dependent on American resources.

The American protectorate comes at a cost. Until now this cost has been modest. It was just a matter of buying American military equipment. With Donald Trump the code has changed: what is now required is an outright alignment of European diplomacy with American policy. The demand for Europeans to give up the equipment of the Chinese firm Huawei for 5G is revealing this new way of doing things. Failing to align, the UK is running the risk of losing access to US intelligence sources. The final answer will be interesting to watch. Generally speaking, all European states face this dilemma: to align or no longer be protected. Germany has just experienced this, since Chancellor Merkel's refusal to attend the G7 summit that the American President intended to organise resulted in the immediate withdrawal of 9,500 American troops. The message is clear and strong.

The solution calls for drastic choices that no one wants to make

Today the problem of European construction is no longer the choice between the market and political union. The problem is whether we want to end the euro and return to national currencies or adopt a real common budget and harmonize our fiscal policies? The problem is not whether we want European defence or not, it is whether the Union will be able to retain its commercial power it if remains unable to protect itself?

The European construction is stuck in the middle of the ford, the most dangerous place on the river, where the current is strongest and where it is easy to lose your footing. The old baby steps method no longer works and we must move quickly because the world is not waiting. The Europeans must either retreat towards the nationalist banks or advance towards the federalist bank. Of course, they would rather not choose and continue to have the best of both worlds. Any choice is a renunciation and this renunciation is a heartbreak.

However, choosing with knowledge of the causes and effects, in full transparency and involving the citizens as much as possible, presupposes opening a debate on the nature of the European project. This is the reason why a convention on the future of Europe was called. It's also why it has had such a hard time getting into place. Above all else, do not touch anything, and especially not the treaties, say the most cautious. Yet if from the outset any revision of the treaties is ruled out, then we may as well do nothing. Nothing would be better than to make believe, once against, that we are going to move forward when the intention is to stay put.

The difficulty lies in the fact that any rational debate will be extraordinarily difficult to conduct because, let us say it again, politics is about passions and anti-European passions were hot-heated during the Covid-19 crisis.

As Stefan Zweig wrote in 1934, even as the storm was rumbling: "The European idea is not a primary emotion like patriotism or ethnicity; it is not born of primitive instinct, but rather of perception; it is not the product of spontaneous fervour, but the slow-ripened fruit of a more elevated way of thinking. First of all, it lacks the enthusiastic instinct that drives patriotic sentiment. The sacred egoism of nationalism will always remain more accessible to the average person than the sacred altruism of European sentiment because it is always easier to recognize what belongs to you than to understand your neighbour with respect and disinterest."

So how do you get the rational idea of a European federation to win over crowds manipulated by hate traffickers and fear merchants?

It would be necessary, but this is easier said than done, to find the right articulation between the Union and the nations. For that to happen, we need a union that focuses on essential tasks, in

particular defence, and gives freedom to Member States over what is less vital. This is basically the slogan of the previous Commission: to make the Union big on big things and small on small things. Yet what is more essential than defence, foreign policy, international trade and currency? Is it not precisely in these areas that the Member States all have in interest in joining forces, rather than remaining, each in his corner, fragile and helpless?

From this point of view, the dilemma posed when launching permanent structured cooperation – three words not to say "integration" – in the field of defence, remains relevant. Should we have everyone on board, that is to say be "inclusive", even if it is to go nowhere, or should we build something effective, outside of these treaties? A "Defence Eurogroup"? In this regard, the letters from the Defence Ministers of the Big Four (Germany, France, Italy, Spain) to HR/VP Josep Borrell and their European colleagues insisting that defence is important could, perhaps, mark the beginning of something more ambitious, since the ministers declare themselves ready to "intensify their efforts and advance a more integrated, effective and capable Europe in the international field." Would it be a question of making a real "vanguard" within the vanguard that permanent structured cooperation was supposed to be and is not?

Yet beyond defence and currency, most will be played out in the field of culture. More than anything, it is vital not to let the peoples of Europe believe that their identity risks disappearing in a political Union. The French will never be the Germans, any more than the Corsicans have become the Bretons, and that's good. To unite is not to dissolve one's identity; it is to enrich oneself with an additional identity. To unite the nations of Europe is not to forget where they come from; it's agreeing on where they want to go.

The European Union is at a crossroads, at a moment of truth when we have to choose one path and abandon another. It has been said many times in the past, often wrongly, but when crying wolf often comes the moment when the wolf is upon your doorstep. Here we are. This time the Union can be reborn. Yet it can also disappear, in the months and years to come.

The Union will be what we make of it.

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