

# Does Differentiated Integration Work Properly?

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In the present difficult times for the EU, one of the main questions is to understand whether the recent proposals and measures put forward by the Commission, following the COVID-19 pandemic, represent a new driver for EU-wide harmonisation and, consequently, a diminished pressure on the path towards differentiation. Or, vice versa, whether the objective obstacles to the approval of a “Next Generation EU” plan by all 27 Member States will again push some governments towards the alternative of enhanced cooperation.

As a premise, a more general question should also be addressed: whether past experiences of differentiated integration have shown a good degree of “governance”, as the only possible exit from unsolvable communitarian deadlocks (Tekin, Meissner and Mueller 2019).

Starting with the latter question, we have to recognise that successive enlargements and increasing devolution of new competences to the EU, since the signing of the Maastricht Treaty, have created greater heterogeneity and conflicting national interests inside the Union (Brunazzo 2019). More recently, the powerful rise and spread of nationalist political parties across the whole Union have worsened the perspective of harmonious decisions among the 27 members. But even at the beginning of the 90s the need to allow willing and able governments to move ahead in limited groups was perceived as a necessity for unblocking the common decision-making system. Since then, successive treaties have made enhanced cooperation the new normal. The euro, Schengen and more recently PESCO are all examples of differentiation needed for the EU to move ahead. But due to the difficulties in applying the complex Treaty rules for differentiation, only four other secondary forms of enhanced cooperation (from divorce law to property regime) have been added over the years (Takin and Meissner 2019).

As a matter of fact, the meaning of initiatives for differentiated integration clearly lies in the belief that uniformity as a method of communitarisation seems without future. But has differentiation proved to be effective? If we look at the leading model of enhanced cooperation, the euro, we should admit that without such a method the EU would not have had the chance to create a common currency. But as soon as the financial crises erupted in 2008–09 the euro risked falling into a definitive collapse.



This was avoided, from the one side, through a number of new crisis management mechanisms outside the Treaty framework, like European Stability Mechanism (ESM) and the Fiscal Compact, and from the other, with recourse to monetary support from European Central Bank (ECB) in the form of quantitative easing. The main reason for such poor performance was the absence of a proper “economic governance” of the common currency, that is, an authority with the power to adopt the necessary fiscal policy.

Even worse in terms of effectiveness is the performance of the other main example of differentiated integration, the Schengen Agreement. In contrast to the euro, which a country can't exit or give up, in Schengen each member is allowed to suspend the rules of the free crossing of borders in case of vital national necessity. This has happened in several cases, but especially in the field of immigration policy and more recently during the COVID-19 crises, with a complete lockdown of all internal and external EU frontiers. In the absence of a coordinated and uniform EU answer to the Coronavirus threat, the only solution has been an individual decision of each member country of the Schengen area to reintroduce border controls and move against some basic freedoms of movement, solemnly recognised in the EU Treaties.

As for PESCO, a new version of differentiated integration named “permanent structured cooperation”, its functioning raises several doubts in terms of effectiveness. At issue is not only the concerned call of HR Josep Borrell not to cut national defence budgets, as a consequence of the difficult economic post-Covid crisis, but the very nature of PESCO itself, as a diluted form of enhanced cooperation with respect to the norms (art. 42-44) prescribed by the Lisbon Treaty. A contingent of 25 countries (of which all may be willing, but not all are capable), with 47 different defence projects, goes against the spirit of Protocol 10 of the Treaty. This structural weakness is well described by Sven Biscop in his contribution to the EU IDEA project: “For PESCO to work a core within the core is needed: a subset of the PESCO states that takes the lead and does things” (Biscop 2020: 3).

We might thus conclude that while differentiated integration is not in itself a threat to political unity, it is not the most convincing solution to improve governance in new policy fields. The limits of the already tried models of differentiated integration are clear. Differentiated integration represents in reality an institutional compromise to avoid blockage of the communitarian decision-making system and provide an escape route in situations of unexpected crisis, but is by no means a decisive step towards the political Union.

Among the main limits we may count the following three.

First, the absence of a single strong governance system for managing the different forms of enhanced cooperation. Who is in charge of making the Eurozone dialogue with Schengen or with PESCO? Who is taking the political responsibility for coordinating the different constellations of participating countries?

Second, the three main experiments of differentiated integration have never created the full set of governing instruments needed to make them fully functional. This is particularly clear for the most advanced model of enhanced cooperation, the euro, which is still missing a system of economic governance. All three examples, therefore, represent an incomplete institutional and political compromise.

Third, differentiated integration as a complex and partial form of cooperation can't be easily explained to public opinion and obtain the necessary public support (Shikova 2020).

Today, in the post-Covid crisis, Ursula von der Leyen's Commission is trying to move back towards the normal method of progressive communitarian integration inside the Treaty framework. The Next Generation EU plan, in its original form, would point to reaching some substantial objectives, like reinforcing the “governance” role of the Commission, introducing a new set of EU resources (art. 311) inside the common budget and finally creating the base of an EU fiscal policy in support of ECB monetary intervention. But as decision-making rules to approve the plan remain the same as today (unanimity in the EUCO plus ratification by national parliaments), it will be a

miracle to get the proposal approved as it has been drafted by the Commission. The possible failure of the Next Generation plan or its substantial modification might mark the end of the communitarian decision-making system and lead towards a further fragmentation of the EU.

In this pessimistic scenario, new forms of differentiated integration might only partially help some parts of the Next Generation plan to be recovered. In reality the only alternative could be the re-founding of the Union, by going back to old projects of “Kerne Europa” or “Core Europe”, with an avant-garde of countries willing and able to proceed, even outside the present Treaty. But where to find a strong constellation of willing countries to move autonomously ahead is still an open question. Therefore, for the time being differentiated integration risks remaining the only viable way out of an eventual blockage of the Union’s decision-making procedures. But only if it is more efficient and with a clearer “governance” system, perhaps with the adoption of majority voting in the Council, including EUCO, no recourse to veto power even in case of vital national interest, and finally with a strict and direct control by the European Parliament.

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This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No 822622