



BRIEFING NOTES

Europe: The Journey Ahead

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... ABOUT

Losing one of its Member States has forced the EU and European leaders to fundamentally question the existence and construct of the EU cooperation model.

The Mercator European Dialogue's national parliamentarians convened in Bratislava in October to address this very question and explore future scenarios for a post-Brexit Europe. The scenario most commonly known under the label of 'multispeed Europe' was identified as the most probable future avenue. To a great degree, participating parliamentarians concluded, Europe is already operating at multiple speeds and it is how these different speeds will be managed that will ultimately determine the fate of the European Union.

The path towards an EU model allowing for various levels of integration is now being discussed extensively by European policymakers. France, Germany, Italy and Spain support the approach, Jean-Claude Juncker, President of the European Commission, listed it as one of five possible scenarios in his White Paper on the future of Europe – "Those who want to do more". Yet, how differentiated integration will, in reality, shape the face of Europe is far from straightforward. To some, this means permanent differentiation, to others this remains a temporary fix. Others still, see this as an opportunity to scale back on existing integration, de facto moving towards what Juncker defines as "Doing less more efficiently" – a completely different scenario than the one described in the multispeed Europe configuration.

This briefing aims at providing a collection of some of the most salient elements of the current debate, with a particular focus on the themes of economic governance and security and defence. The brief provides an overview of some key arguments, challenges and voices in the debate, yet is in no way intended as exhaustive. Its purpose is that of serving as a prompt for conversation and to stimulate further discussions on perspectives from national parliaments.

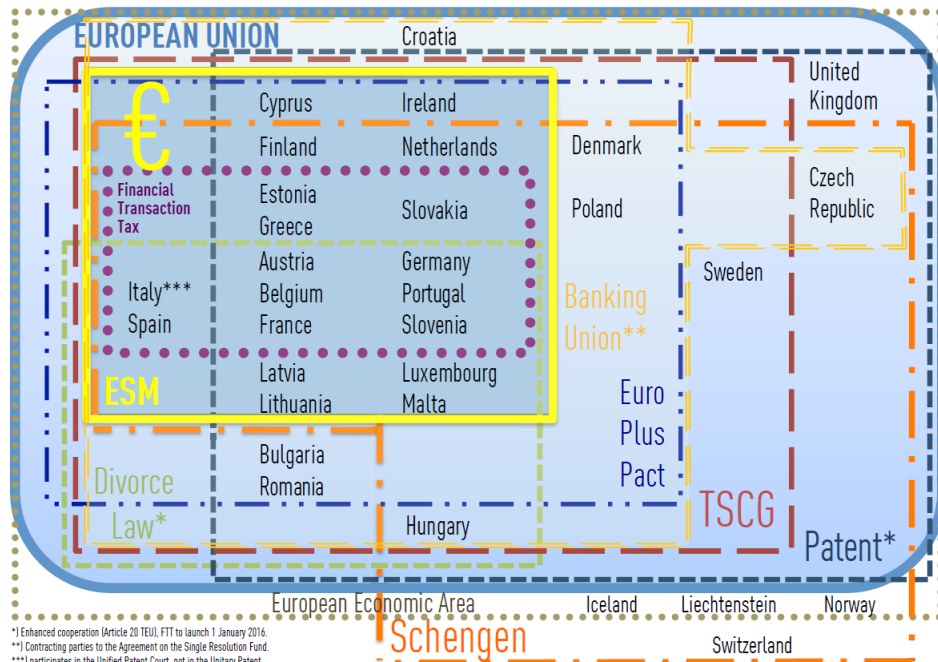


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WHAT IS DIFFERENTIATED INTEGRATION?

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Differentiated integration occurs whenever EU law is not uniformly valid in at least one of the member states. A governance model with **multispeed** (an environment of cooperation in specific sectors) and **multitier** (an environment of cooperation with separate institutions) characteristics involves different Member States in different sectoral cooperation schemes. In fact, the European reality is already quite differentiated:



Source: Valentin Kreilinger, 2015

Until the 2008 crisis, **temporary differentiation** was the dominant pattern. Since then, this changed to a certain extent with the reinforcement of the intergovernmental governance of the Eurozone. If **permanent differentiation** will be privileged in the future, it will promote a higher degree of variance in the level of EU Member States' cooperation.

Permanent Differentiation

Permanent differentiation, also referred to as constitutional differentiation, often serves to safeguard national sovereignty or particular interests in certain policy areas. It reflects an ideological opposition to tighter supranational cooperation.

Typologies:

- **Variable Geometry**
Different groups of Member States cooperate in different policy areas
- **Europe of Concentric Circles**
There is a more integrated core of Member States and a less integrated periphery

Temporary Differentiation

Temporary exclusion of some member states to allow for adaptation over time. There is a shared goal of further supranational integration. Also referred to as instrumental or temporary differentiation.

Also known as "Multispeed Europe"

ARGUMENTS FOR AND AGAINST DIFFERENTIATED INTEGRATION

?

In Favour

- Realism - it is more realistic for smaller groups of Member States to agree on goals than it would be for all 28. Compromises could be found and tested to qualitatively move forward the EU if smaller groups of states could take the initiative.
- Pragmatism - the EU Summit Declaration of Bratislava has made it clear that the Member States want to move ahead on pressing and consensual issues, but do so more efficiently. The bulky topics of Eurozone governance and fiscal policies are avoided.

Against

- Loss of access to best practices - if differentiated integration is pursued through means not provided in the Treaties, the rights of other Member States to join co-operations and be informed about best practices might be lost.
- Institutional rigidity - the institutional set-up of the EU is geared towards more integration. It is not built to accommodate purely sectoral cooperation and would become ineffective.
- Neglect of certain policy areas - the more dividing issues might simply not be put on the agenda.
- Neglect of certain countries - some Member States, particularly the Visegrad Group, have voiced their concern that progress might become exclusive and endanger equality among members of the Union.
- Imbalance of power - the policy orientations most in line with those of the largest countries' governing parties would thus be most successful, which might lead to more conflicts with other Member States.

WHO WANTS WHAT? A TENTATIVE MAPPING OF GOVERNMENT POSITIONS

In favour of more political integration



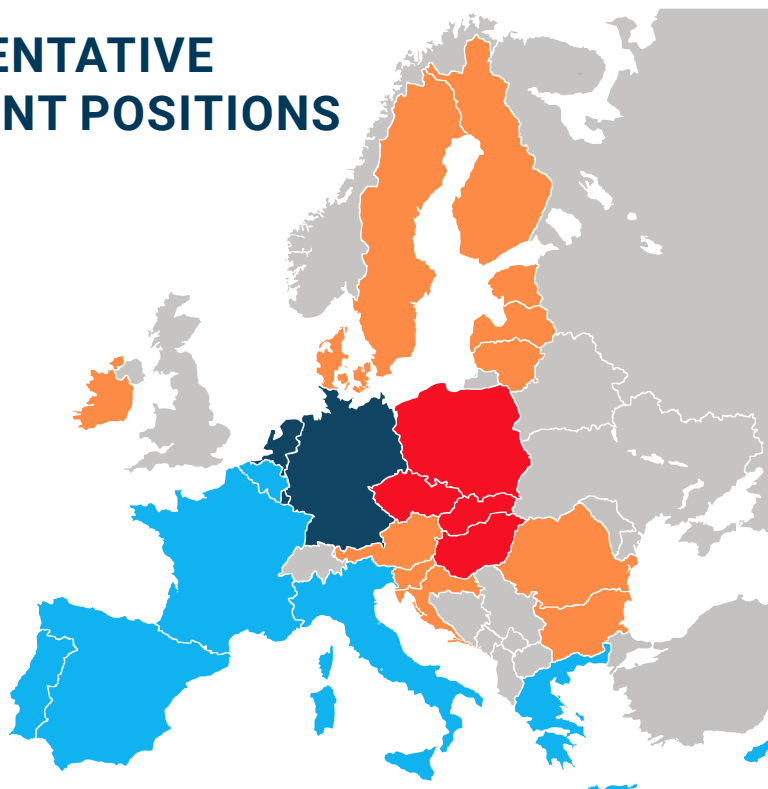
In favour of enhanced cooperation within the provisions of the Treaties



In favour of more intergovernmental cooperation outside the Treaties



In favour of neither integration nor differentiated integration



ECONOMIC GOVERNANCE



Since 2008, the EU has been facing economic, political and security crises that have slowed its economic growth. The Credit Crunch, the European Great Recession and the Greek crisis; the rise of eurosceptic movements, as well as Brexit and the election of Donald Trump as President of the United States, the refugee crisis and terrorist attacks are all factors that have been challenging the stability of the EU economy and of the Eurozone.

Nonetheless, such crises have resulted in an unprecedented economic integration within the Eurozone and beyond. The Fiscal Compact and the steps taken towards a Banking Union are just examples of such a trend. In line with the global trend of economic recovery, in 2016, the European GDP grew by just below two per cent.

However, some Member States appear to be growing more than others. In this respect, the idea of a general European economic convergence, originally considered necessary for a stable Eurozone, is still far from being a reality. In fact, monetary policy and fiscal policy coordination has been the most differentiated policy area in European integration combining multispeed and multitier characteristics.

Uneven economic growth has been fueling fear of a re-escalation of the economic crisis in some EU countries, which could have repercussions over the rest of the EU. This element, together with the fact that some member states have been affected by the economic crisis more than others, has been igniting debates around the need for more or less economic integration.

Policy proposals and examples of supporting parties (italics) and governments (map)

Fiscal Integration

The EMU should be complemented with:

- A budget drawn from a financial transaction tax or Eurobonds
- A Finance Minister in charge of said budget
- the completion of the banking union through a deposit insurance scheme
- A common social pillar including unemployment insurance, minimum wage and an investment plan

EM!
PD
SPD

Fiscal Discipline

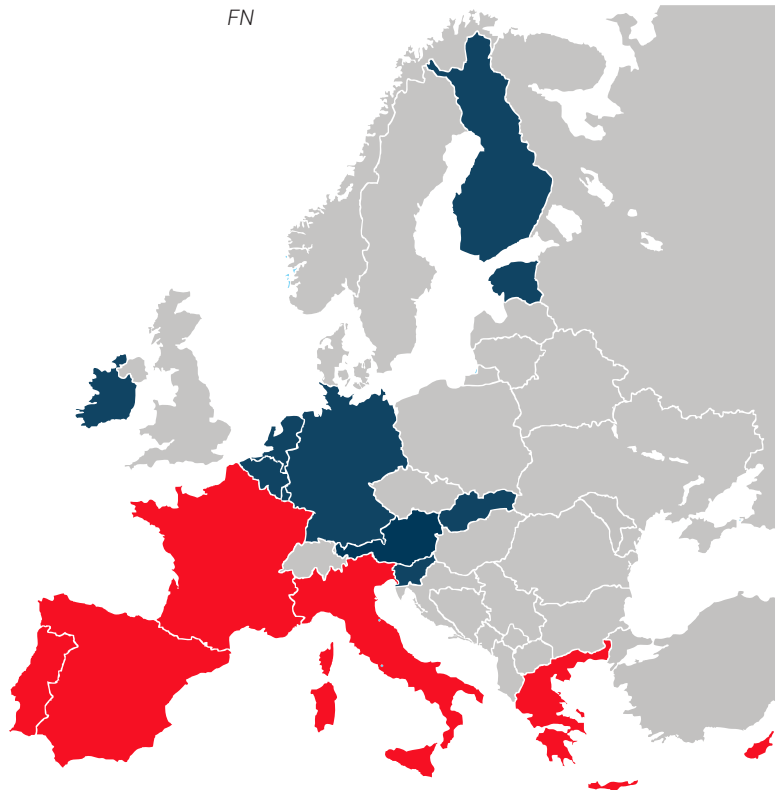
The macroeconomic imbalance procedure should be reinforced. The ESM should become the European Monetary Fund. Countries that are not able or do not want to adapt to EU economic and fiscal rules should leave the Eurozone and consider returning to their own national currencies.

VVD
CDU
PVV

Democratic Control of EMU

There is need for a referendum on the Euro and more parliamentary control over economic decision-making. More integration would imply a more political Eurozone. This will make the Commission a sort of European government, with no popular legitimacy.

LN
M5S
FN





SECURITY AND DEFENCE

In theory, Security and Defence is the policy area where further cooperation currently seems to generate the least resistance among Member States. It is not the first time that the argument for further integration in the area of security and defence is on the table.

There are several reasons why it is considered easier and more pressing to move forward with security and defence cooperation than with the rest of the integration agenda. To begin with, the EU has to cope with a very complicated and unstable regional and global situation. At the regional level, the neighbourhood is on fire: from Libya to Ukraine, not to mention Syria. At the global level, the Trump administration's unpredictable foreign policy course makes it difficult for the EU to define its own role as a security provider and military power. Additionally, the UK, which has thus far been blocking any defence integration perceived as competing with NATO, and has the highest military spending of all EU members, has voted to leave the Union. This has increased the pressure on the next four biggest military spenders, France, Germany, Italy, and Spain, and opens up new political opportunities for them to take on more responsibility.

A majority of defence experts strongly supports the idea of pushing for integration by making the best use of current treaty provisions. The many institutions in Brussels with responsibilities in the area of defence (such as the European Defence Agency, the European Union Military Committee, the Ministers of Defence of the Member States, and the operational support bodies to the Common Security and Defence Policy, among others) are focused on finalising and living up to the commitments already made in the treaties; for instance, making use of Permanent Structured Cooperation (PESCO). While its proponents stress the benefits of PESCO regarding cost efficiency and military effectiveness, opponents are hesitant to give up national defence sovereignty, either because they do not want any structures competing with NATO, expect no practical benefits from integration, or view defence as a purely national concern.

Policy proposals and examples of supporting parties (italics) and governments (map)

PESCO should be used as a means of defence policy integration

PESCO should be applied to better integrate military planning, decision-making and sharing of equipment.

PD
SPD
PS(F)
EM!
PSOE

PP
CDU

Neutral Stance towards PESCO

PESCO is acceptable as long as it does not conflict with other interests, e.g., of NATO or budget constraints.

SAP
SPÖ
PS(PT)

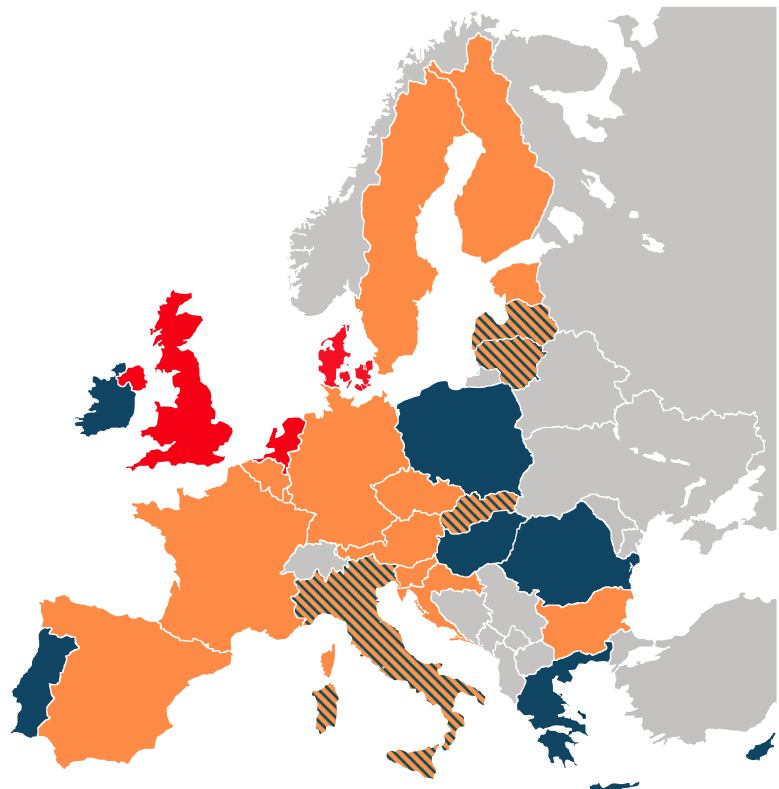
PiS
VVD

Against further defence integration

Defence of the Union should remain in the hands of NATO and Member States.

Podemos
SYRIZA
BE
Greens
Linke
Venstre

FN
PVV
LN



LIST OF PARTY ABBREVIATIONS

Abbreviation	Name	Orientation	Country	EU Party
BE	Bloco de Esquerda	Leftist	Portugal	EL
CDU	Christlich Demokratische Union	Christian democrats	Germany	EPP
EM!	En Marche!	Centre-left movement	France	-
FN	Front National	Nationalist party	France	MENF
Greens	Green Party	Ecologist left party	United Kingdom	EGP
Linke	Die Linke	Leftist party	Germany	GUE-NGL
LN	Lega Nord	Right-wing regionalist party	Italy	MENL
M5S	Movimento 5 Stelle	Anti-establishment left party	Italy	EFDD
PD	Partito Democratico	Social democrats	Italy	PES
PiS	Prawo i Sprawiedliwość	National conservative party	Poland	ECR
Podemos	Podemos	Anti-establishment left party	Spain	GUE-NGL
PP	Partido Popular	Conservative party	Spain	EPP
PS(F)	Parti Socialiste	Socialist party	France	PES
PS(PT)	Partido Socialista	Socialist party	Portugal	PES
PSOE	Partido Socialista Obrero Español	Socialist party	Spain	PES
PVV	Partij voor de Vrijheid	Right-wing nationalist party	Netherlands	ENF
SAP	Socialdemokraterna	Social Democrats	Sweden	PES
SPD	Sozialdemokratische Partei Deutschlands	Social Democrats	Germany	PES
SPÖ	Sozialdemokratische Partei Österreichs	Social Democrats	Austria	PES
SYRIZA	Synaspismós Rizospastikís Aristerás	Radical left-wing party	Greece	GUE-NGL
Venstre	Venstre, Danmarks Liberale Parti	Conservative liberal party	Denmark	ALDE
VVD	Volkspartij voor Vrijheid en Democratie	Conservative liberal party	Netherlands	ALDE

SUGGESTED READING

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Stiftung Mercator is a private and independent foundation. Through its work it strives for a society characterized by openness to the world, solidarity and equal opportunities. In this context it concentrates on strengthening Europe; increasing the educational success of disadvantaged children and young people, especially those of migrant origin; driving forward climate change

mitigation and promoting science and the humanities. Stiftung Mercator symbolizes the connection between academic expertise and practical project experience. One of Germany's leading foundations, it is active both nationally and internationally. Stiftung Mercator feels a strong sense of loyalty to the Ruhr region, the home of the founding family and the foundation's headquarters.



The King Baudouin Foundation's mission is to contribute to a better society. The Foundation is an actor for change and innovation, serving the public interest and increasing social cohesion in Belgium and Europe. We seek to maximize our impact by strengthening the capacity of organizations and individuals. We also stimulate effective philanthropy by individuals and corporations. The Foundation's key values are integrity, transparency, pluralism, independence, respect for diversity, and promoting solidarity.

The Foundation's current areas of activity are poverty and social justice, philanthropy, health, civic engagement, developing talents, democracy, European integration, heritage and development cooperation.

The King Baudouin Foundation is a public benefit foundation. The Foundation was set up in 1976 on the occasion of the 25th anniversary of King Baudouin's reign.



The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF contributes research and analysis and convenes leaders on transatlantic issues relevant to policymakers. GMF offers rising leaders opportunities to develop their skills and networks through transatlantic exchange, and supports civil society in the Balkans and Black Sea regions by fostering democratic initiatives, rule of law, and regional cooperation.

Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.



The Istituto Affari Internazionali (IAI) was founded on 11 October 1965 on the initiative of Altiero Spinnelli. The Institute's main objective is to promote an understanding of the problems of international politics through studies, research, meetings and publications, with the aim of increasing the opportunities of all countries to move in the direction of supranational organization, democratic freedom and social justice (IAI Bylaws, Article 1). It's main research areas include: EU Institutions

and Politics, the EU's Global Role, Turkey and the Neighbourhood, International Political Economy, Mediterranean and Middle East, Transatlantic Relations, Security and Defence, Italian Foreign Policy, Energy. A non-profit organization, the IAI is funded by individual and corporate members, public and private organizations, major international foundations, and by a standing grant from the Italian Ministry of Foreign Affairs.



The Barcelona Centre for International Affairs (CIDOB) is an independent and plural think tank based in Barcelona, dedicated to the study, research and analysis of international affairs. Created in 1973 as an International Documentation Centre of Barcelona, it is a private foundation since 1979.

CIDOB promotes global governance and good practices – based on local, national and European democratic government – to ensure

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