

## IS EU DESINTEGRATION A CREDIBLE SCENARIO ?

Lecture, WIIW, May 31, 2012

This week's „Economist” has on its cover two contradicting signals. One directs Europe to the „Break-up”, the other to a „Superstate”. The basic argument of this presentation is that the process of European integration has reached a point which makes more “business as usual” impossible: Either the European Union is moving towards a “break up” or it has to move towards a federal structure, creating what could be called “The United States of Europe”.

The EU which – from the viewpoint of Political Science's typology – can best be characterized as a “federation in the making” and a “work in progress” is on the brink: either it becomes a failed experiment; or it will be a federation not in the making, but in the being.

The following arguments are based on the dichotomy of the two dominant theoretical arguments – the neo-governmentalists' position and the neo-functionalists. As the second one has a more radical outlook concerning a positive future of the European work in progress, it provides at the same time a more pessimistic perspective – as soon as the integration process goes into reverse and starts spiraling down.

At the end, I will argue in favor of a strategy of concentric circles – of a Europe of different speeds: As any significant change of the EU's de-facto constitution, the EU Treaty, will be hostage to single veto players, any reform to save the integration by deepening the EU cannot be expected to be based on a general consensus of all members. That means my main argument is that the EU – to avoid disintegration – must split between an inner circle which accepts a significant federalization; and an outer circle which would be seen as potential members of Core Europe.

My main arguments will be summarized in the following 15 points:

1. For the record: disintegration is not defined and understood as a partial re-nationalization of certain competences but as the beginning of a systematic and principal end of the European integration project. Disintegration has to be seen as the anti-thesis to integration – and not as an isolated step towards a specific shift towards the member states.
2. If we follow the interpretation of the school of inter-governmentalists, disintegration is a completely implausible scenario. An inter-governmentalist understanding would tend to see the status quo rather unchallenged. The consequence of the present crisis would be more paralysis – but not disintegration, at least not for now.
3. If we follow the interpretation of the school of neo-functionalists, disintegration becomes more plausible. The neo-functionalist understanding tends to see the processes of integration or possible disintegration rather independent from the national governments. Neo-functionalism provides us with an understanding of a potential end of the European integration – but also with a kind of optimistic approach: The national governments could be forced, against their immediate will, to accept disintegration; or, again against their immediate intention, to make a decisive step towards a significantly more integrated Union.

4. Inter-governmentalism emphasizes the decisive role of national governments when it comes to significant changes in the EU's structures and functions. If we assume that all or most of the national governments – despite all the sometimes nationalistic rhetoric – will perhaps agree on some steps of re-nationalization, but they will never agree on an end to the integration as such, we rightly can exclude the possibility of an end to the EU as such.

5. Neo-Functionalism, on the other side, sees the national governments only as secondary actors – secondary to the inbuilt logics of the process named after Jean Monnet – integration as unintended steps of unintended consequences. Neo-Functionalism sees the integration process emancipated – not fully, but to a large degree – from the national governments. As neo-functionalism sees the EU not fully controlled by national governments, the assumed interest of the member states to save the integration project cannot be seen as the – at the end – decisive obstacle for disintegration.

6. Neo-Functionalism sees any substantive crisis of the integration project as a decisive point which can lead for a further deepening of the Union – or, on the other side, as the beginning of the end. As the effect of integration has been one step of deepening the Union leading to another – unintended – step (from the Common Market to the Single Market to the Monetary Union), one step of re-nationalization (or: disintegration) could (would) lead to the next, not intended step towards disintegration.

7. What is needed to avoid the possible scenario of disintegration is „more Europe”. This would mean strengthening the transnational actors:

- more power to the European Central Bank with the purpose of a policy aiming at economic growth (e.g. deciding about issuing Eurobonds);
- more power to the European Commission to enable it to act as an „Economic Government” for watching over fiscal discipline in the member states;
- more power to the European Parliament as the only directly legitimized EU-institution, able to act above and beyond the national governments.

8. Europe cannot have it both ways: focusing on the national actors (like Germany and France) and hoping for a stronger Union. A stronger Union is possible only at the cost of the member state's sovereign power. The priority must not be to put all the hope into the German basket. The priority must be to make the European basket wider, bigger, deeper.

9. Obstacles for such a political strategy are the national resentments – e.g. in Germany the stereotype „We are the paymasters of Europe”; or in the UK „Any strengthening of the Union means the strengthening of Germany”; or in Poland or the Czech Republic „Brussels is the new Moscow”. As long as each member state enjoys full veto-power regarding further deepening, there is not much reason for Euro-optimism – but any reason for Euro-pessimism.

10. As a significant shift towards transnationalism (or: European federalism) is not possible within the framework of the existing de-facto-constitution, the Treaty of Lisbon, a constitutional reform would be necessary – a new treaty with all its unpredictable consequences like the ratification process in 28 states with the possibility (probability) that the such a new treaty will not be ratified by all 28. Therefore, the most plausible strategy would

be to follow a policy of concentric circles – to allow the more European minded of the member states to establish a core Union within the Union.

11. Any decisive strategy to prevent disintegration must aim at the reduction of the number of veto-powers. This can be done, in a first step, by forming a coalition of the willing – a core group consisting only of members accepting the need to forego a significant part of national sovereignty: sovereignty regarding fiscal policies and, on the long run, foreign and security policies also.

12. Nobody has a clear and convincing understanding what an end to the integration would imply. But we have a clear understanding what is necessary to prevent disintegration. It is first about politics – and only secondary about policies:

- Politics as a set of rules and procedures which would permit the Union to act like a federation and not like a club of privileged states still thinking they could enjoy full sovereignty.
- Policies, enabled by the deepening – by new rules and procedures, defining a new balance between fiscal discipline and economic growth, between diversity and unity.

13. Just as an example: It is impossible to expect the EU to become a Social Union in the sense of a Union integrating the different national social policies if the EU is not empowered to design, decide, and implement basic principles of social policies. First comes politics – shifting power to the Union. And only as a second step could the EU become significantly more of a Social Union.

14. The EU is at the brink: It has to decide to become a deeper, more federalized community with elements of a fiscal union and a stronger, clearly expressed redistributing agenda; or the EU has to face the possible beginning of the end. The beginning of disintegration will lead Europe into untested waters: Nobody really knows which dangers Europe had to expect if the integration process is to be reversed; and nobody knows how it could be done.

15. At the end: The crisis is the best chance for a further deepening and – by federalizing the EU – saving the integration: The „horror vacui”, the horror of the unpredictable consequences of disintegration, may raise significantly more fears than a further step in a future of an ever deeper Union. But as the chances are there – the chances for a deeper Europe, so are the risks – the risks of Europe falling back into the status quo ante.

“The Economist”, perhaps the most EU-friendly voice among the major British media, concludes „that the nations in the euro zone must share their burdens. The logic is straightforward. The euro zone’s problem is not the debt’s size, but its fragmented structure....To survive, Europe has to become more federal: the debate is how much more.”

(Source: „The Economist” May 26th – June 1st, 11 f.)