

Chapter 1

The present and future of the European Union, between the urgent need for democracy and differentiated integration

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Introduction

The European Union has experienced an unprecedented multi-dimensional and prolonged crisis, a crisis which cannot be understood in isolation from the international context, with major global economic changes to the detriment of the West. Opinions differ as to the overall outcome of the European policies adopted in recent years to tackle the crisis: these policies saved the single currency and allowed for moderate growth, but, combined with many other factors, they exacerbated the crisis of legitimacy. This explains the wave of anti-European sentiment in several Member States and the real danger that the European project will collapse completely.

This chapter analyses the contradictory trends at play and examines more closely how to find a way out of this crisis – a way which must be built around the crucial role of the trade union movement, both in tackling Euroscepticism and in relaunching the EU. This drive to strengthen and enhance democracy in the euro area, and to create a stronger European pillar of social rights, will not be successful without new political momentum for the EU led by the most pro-European countries. The argument put forward in this chapter is that this new European project will once again only be possible using a method of differentiated integration.

This paper starts with two sections juxtaposing two contradictory sets of data. On the one hand, we see the social and institutional achievements of the past 60 years: despite everything, the EU is the only tool available to the trade union movement which provides any hope of taming and mitigating globalisation (Section 1). On the other hand, there is the unexpected scale of the many trends seeming to lead towards the disintegration of the EU, and of the destabilising consequences of unbridled globalisation, triggering a wave of Euroscepticism and an urgent need for more democracy (Section 2). Section 3 analyses the features of the policy adopted by the EU between 2011 and 2016 to tackle the crisis, a policy which is the outcome of a complex balance of power between social and political forces, ideas and institutional procedures. It also highlights the shortcomings of the three alternative proposals. Section 4 looks more closely at a possible political role for the European trade union movement, meeting both the social and security-related concerns heightened by the multiple crises affecting citizens. Unions can fight for greater legitimacy and effectiveness for the EU via a system of differentiated and open integration of Member States, refusing to accept either the collapse of the Union or the lowest common denominator. In this section, we therefore formulate specific

proposals for the 27 EU Member States, the 19 euro area countries, and core groups of a minimum of 9 countries, which will spearhead a new era in European integration.

1. The paradox of Europe: the underestimation of 60 years of achievements and the method which made them possible

No historical entity has a future if it has no shared awareness of its past. Paradoxically, the historic achievements of the European integration process are far more clearly recognised in other world capitals, from Washington to Beijing, from Brasilia to Tokyo, than within the EU itself. Here are but a few of these achievements: more than 60 years of peace between former enemies, the strengthening of internal democracy in its Member States and the beginnings of a supranational democracy, freedom of movement, the building of a global non-military power, and the EU economic and social model.

We will now look more closely at the social and economic achievements of the EU, considered by the greatest living European philosopher, Jürgen Habermas, to be the soul of Europe. These last sixty years have coincided with an increase in economic and social prosperity unprecedented in European history. In 2014, despite the economic and financial crisis, the Gross Domestic Product (GDP) of the EU-28 was higher than that of the United States¹. In addition to this prosperity, the EU has created its own social model, which still, in spite of the increases in inequality, strikes a better balance between fairness and competitiveness than elsewhere in the world (Habermas 2005). Unlike the Japanese and US forms of capitalism, and in the difficult situation of having to compete with the emerging economies (including China), the EU seems to better reconcile economy and society, and to preserve the essence of its values of social cohesion. The concept of a ‘Social market economy’ was included in the 2007 treaty; a European Social Charter was adopted in 1989; 60 years of social legislation have been implemented and multiple social dialogues consolidated. All these choices have created a socio-economic system which, more than any other social model, has been able to withstand forty years of global neoliberal pressure. Even more importantly, the European socio-economic model, the ‘social market economy’, gives the lie to the neoliberal view that economic competitiveness is incompatible with high salaries, the ‘welfare state’ and social Europe (Ferrera 2009). Finally, only in Europe is it possible to influence the future of globalisation by means of internal social dialogue. The EU gives the trade union movement hope that it is possible to civilise and manage globalisation (with the help, of course, of the necessary international alliances).

In the Member States, national politicians, often exhausted and corrupt, do not know how to communicate the scale and uniqueness of these achievements to the general public. Instead, they have either used the EU as a scapegoat for the current severe, multi-dimensional crisis, or have made it the subject of dreadful rhetoric which does

1. The World Bank statistics available for 2014 confirm that at that time, the GDP of the US was 17.42 trillion US dollars, and that of the EU-28, despite the crisis, was \$18.51 trillion. Of course, the US, with 318.9 million inhabitants, still has a higher per capita GDP: \$55,230, compared with \$35,742 for the 508 million EU citizens (source World Bank 2015).

not reach the younger generations. The result has been an explosion of Euroscepticism in all Member States, attracting between 20 and 45% of voters. This chapter points out that the achievements listed would be inconceivable without the method which made them possible: differentiated integration. This method, whereby one group of countries can move towards more Europe, while those who do not agree cannot hold them back but may catch up later, is once again on the agenda. A new balance must urgently be found between efficiency and democratic legitimacy, and, once again, this will only be possible through differentiated integration. Some obvious examples are the monetary union and the Schengen Agreement, but we could add, for the benefit of sceptics, the further example of the group of countries, led by the United Kingdom, which in 1960 launched the European Free Trade Association (EFTA), as they were unhappy with the community method proposed by Jean Monnet and at the heart of the European Coal and Steel Community (ECSC) and the European Community (EC). It did not take long, though, for the EFTA countries, originally against the idea of supranationalism, to join the EC: 1973-1995.

2. The global context of the crisis and the scale of the challenges facing Europe

Why this urgent need for democracy? We will not understand this unless we view the multiple crises affecting Europe since 2010 (see also Vanhercke *et al.* 2016) in its proper global context. The economic recession, the ensuing mass unemployment (with the EU average unemployment rate increasing from 7% in 2007 to 10.8% in 2013; source Eurostat), the migration and refugee crisis, the increasing terrorist threats and the heightened fear: all these phenomena, which explain the wave of populist, nationalist and protectionist movements in several European countries, originate in the general sense of insecurity produced by largely unbridled globalisation. The crisis has merely speeded up an existing trend towards a major historic change: in 2007, the new economic powers overtook the advanced Western economies in terms of percentage of global GDP. It is this factor that explains what Susan Berger, a sociologist at the Massachusetts Institute of Technology (MIT), refers to as 'globalization malaise' on both sides of the Atlantic (presentation to the International Conference of Europeanists, ICE, Philadelphia, 2016). The millions who have lost out from and are victims of globalisation (reduced income, competition from migrants and refugees, etc.), particularly members of the working and middle classes concentrated in many now marginal Western regions, vote for extremes, against establishments. In Europe, in a context where weak and fearful national leaders blame everything on 'Brussels', the EU is seen, by an act of unprecedented manipulation, as the main culprit. In fact, however, the EU institutions merely implement what Member States have freely and voluntarily decided, which is then ratified by the European treaties and the Council of the European Union, meeting in its various formations. The EU, the only tool available to Europeans to counter unfettered globalisation, is singled out for blame by populists at each national election, which becomes a vote for or against the Union. These populists have thus won their first battle.

The nationalist and protectionist extreme right, from Marine Le Pen to Nigel Farage, Viktor Orban to Geert Wilders, Norbert Hofer to Matteo Salvini, has, de facto, taken on the leadership of the populist movement aiming to topple Europe, which has already won victories in the United Kingdom (see Clegg in this volume), Hungary and Poland, and which now plays a central political role as an ‘agenda-setter’, upsetting national governance, in Austria, the Netherlands, Italy, France and Scandinavia. The values, past achievements and future progress of Europe will only really receive new momentum if strong action is taken to address the urgent need for democracy, to counter the perceived gap between the ‘people’ and the elite. Despite the initial victories over the populists, this remains a serious challenge. This political uncertainty slows growth and threatens democracy.

In an uncertain European political context, the role of the organised trade union movement has not been sufficiently highlighted. This movement plays, and can potentially play, an essential role in avoiding a situation where this artificial cleavage between the people and the technocratic elite – which exists more in the imagination than in reality – has a devastating impact on democracy.

The trade union movement – both national and transnational – expresses an important historical fact: despite the crisis and the various manifestations of nationalism, the differences between citizens within individual Member States are still greater than the differences between those Member States. 51% of citizens feel themselves to be both citizens of a nation and citizens of Europe, while 39% only feel they belong to a nation (Alesina *et al.* 2017). The European trade union movement, more so than political parties, expresses the potential for a large-scale popular movement calling for more democracy in the EU, a movement which would be both transnational and rooted in individual nations, combining action on social issues with a global anti-populist platform.

Social issues are vital. Youth unemployment² could result in a ‘lost generation’, lost to the labour market, a situation rightly denounced by the President of the European Central Bank, Mario Draghi. We must not, however, over-simplify. The reasons for the populist successes are not only socio-economic, as has been confirmed by the Oxford Economics research institute (4 May 2017). In this multi-dimensional crisis, socio-economic reasons are increasingly intertwined with political and cultural issues specific to national contexts: high-level corruption, unfettered immigration, fear of terrorism, anti-EU sentiment stirred up by inept or manipulative political leaders, etc. Security has become the key issue. On the one hand, there are the demands, particularly in poorer districts and circles, for internal security from the negative social effects of the crisis and from uncontrolled migration. Then there is the desire for external security from terrorist threats and international instability. Unless the trade unions are given a central role in meeting these objectives, the populist extreme right will increasingly be able to present itself as the only force able to reconcile demands for social protection and for security, through a nationalist, exclusive, racist and protectionist agenda.

2. 35% in Italy, 24% in France, 40% in Spain in 2016, according to Eurostat.

What, then, have been the political responses to these new challenges? Democratic responses which combine openness with protection, from social deprivation and from outside threats, seem to be more effective outside the euro area, particularly in Sweden (despite an influx of refugees amounting to more than 10% of the population), than in the euro area itself. Does, then, the centralised regulation of the eurozone exacerbate the lack of legitimacy? Are monetary integration and European supranationalism – further developed during 2011-2016 – the problem rather than the solution? Or should the governance of the euro area be further strengthened?

The academic community is split on this question. A report from the *Hertie School of Governance* in Berlin (Hertie School of Governance 2015), for example, seems to suggest that more supranational integration within the euro area results in less legitimacy. Another school of thought asserts the opposite: only with more effective economic, social and security policies, supranational coordination and central regulation, reconciling austerity and growth, stabilisation and social solidarity, will it be possible to help States in crisis and to enhance the EU's legitimacy by pointing to tangible benefits. The first view, if taken to its logical conclusion, should lead to the dismantling of the single currency, while the second would suggest the need, above all, to boost the efficiency of the euro area, subject, however, to an increase in democratic accountability. We shall now examine more closely the interplay between disintegration and integration in recent years (see also Fabbrini 2016).

3. Results of and problems linked to the anti-crisis policy

The global economic and financial crisis of 2007-2016 was a severe test of democracy in European States. It had a serious impact on the States of the EMU (Economic and Monetary Union), particularly those which were more indebted, revealing the internal weaknesses of the incomplete and asymmetrical institutional arrangement adopted at Maastricht in 1992. The crisis has increased the gaps in competitiveness and divergences between Member States' economic and budgetary policies (particularly between the North and the South), while the introduction of the euro should have fostered convergence and budgetary transparency. The first manifestations of various forms of Euroscepticism targeted not only the excesses of austerity policies but also the EU project as such. Eurosceptics attacked, in particular, the moves towards more supranationalism and macroeconomic coordination, which were seen as hierarchical, authoritarian and, in terms of content, 'characterised by the resilience of neoliberal austerity' (Schmidt and Thatcher 2013).

In 2009-2010, the anti-cyclical policies adopted by a number of European states in response to the global recession increased public finance deficits and, particularly in the South of the euro area, intensified the national sovereign debt crisis, which had become the weak link of the world economy (European Parliament 2016a). The financial cost of bailing out countries in crisis – Greece, Ireland, Spain and Portugal – seemed to the Northern States, led by Germany, a heavy burden to bear. The international markets threatened to prevent states in crisis from financing their sovereign debt, and the EU

seemed powerless. The peak of the crisis was reached when plans were drawn up for Greece to exit the EMU.

The recession was also, at its heart, a manifestation of a political crisis of governance, concerning the balance of power between the Eurogroup and the European Council. Since 2011, anti-crisis policies were designed essentially to correct the initial institutional asymmetry between a strong monetary Union and the lack of a real economic union between the Member States.

In 2016-2017, the euro area saw a return to (modest) economic growth. Despite the mistakes made, the hesitations and the compounding of internal differences, the euro was saved, and over a six-year period, the economic and monetary union made considerable progress towards integration, far more than during previous decades (Rodriguez *et al.* 2016). This progress took the form of a reduction in budgetary deficits in most Member States, improved international competitiveness, reform of economic governance and, according to some, the ‘socialisation’ of the European Semester (see Crespy and Schmidt in this volume).

The role of the European Central Bank (ECB) has been strengthened, particularly under the leadership of Mario Draghi, to provide pro-active support to growth. It is not sufficiently emphasised that after the very important European Council of 28 June 2012, the ECB President announced that the bank was ‘ready to do whatever it takes to preserve the euro’, a statement which discouraged international speculation in the debt of countries in crisis. The ECB, by its interest rate policy, its massive cash injections and other unconventional measures, regularly intervenes to support the banking system and, since the end of 2014, to help businesses and provide banking credit to individuals (‘quantitative easing’). Such an approach is innovative but dangerous: this growth-support strategy is opposed by much of German public opinion and by the Bundesbank. Mario Draghi is still firmly supported by Angela Merkel, but subject to certain conditions: the ECB knows that it may not issue Eurobonds, which some would see as the European Union becoming the ‘Transfer Union’, nor may it request forms of mutualisation of national public debts. Draghi’s position has been attacked as lacking in legitimacy, since it is unusual for non-orthodox European leadership to be *de facto* granted, for years, to the ECB President, in the absence of unified political leadership of the euro area (for example, a European Minister of Finance).

With regard to solidarity measures, the intergovernmental treaty (2 February 2012) establishing the European Stability Mechanism (ESM), a permanent structure, was a second important step forward³. Furthermore Germany, in return for showing solidarity and thus potentially unsettling the democratic and legal consensus back home, logically called for multilateral surveillance of the indebted States, as a condition for disbursing the aid to them. On 2 March 2012, 25 EU governments approved an intergovernmental treaty on stability, coordination and governance in the EMU, proposing to the signatory States a timetable for reducing their public debt and deficit (the ‘golden rule’ of

3. The ESM has 700 billion euros in capital, subscribed by the Member States: in 2012-2013, 50 billion had been committed, particularly in Spain, Portugal, Cyprus, Ireland and Greece.

budgetary policy). This treaty was freely and paradoxically ratified by all the States at the time of the crisis, but, since it aims to strengthen the rules and will ultimately be included in the community system, it exacerbates the democratic deficit in countries in crisis. In the same way, economic governance has been strengthened by several coherent but problematic decisions. These include the Stability and Growth Pact (an add-on to the Treaty of Maastricht), signed in 1997, revised in 2005 and in 2011; the 'Six Pack', a set of six measures taken in 2011, which set out the multilateral surveillance procedures for budgetary and macroeconomic policies; and the European Semester, which establishes macroeconomic coordination and prior multilateral surveillance of national economic policies before budgets are voted on by national parliaments. There is also the Banking Union, which implies a commitment to assist banks in difficulty, but which also, therefore, involves surveillance by the ECB. The Single Supervisory Mechanism (SSM) dates back to 2013, but the Banking Union will only be complete once a deposit insurance system is in place.

What assessment can we make of seven years of anti-crisis policies? The outcome determines future solutions. One hyper-simplified interpretation is very widespread: austerity and intergovernmentalism have now won the day, thus deepening the crisis in Europe and triggering the urgent need for more democracy. The caricature of a 'neoliberal Europe' dominated by Germany in fact only exists in extremist rhetoric. It is not possible to accept this interpretation unless we ignore four factors which acted as a counterweight and enabled compromises to be struck with the champions of one-way austerity.

Firstly, the national and European influence of the trade union movement, a strong lever and counterbalance within European and national social dialogue: despite the unequal strength of its affiliates within the Member States, the ETUC has undeniably preserved considerable negotiating powers at the centralised level, with the Council and the European Commission.

Secondly, the fight put up by the Southern countries in the multilateral bodies such as the Councils. One key date: 13 July 2015. On that day, the European Council decided to keep Greece in the euro area, to grant it a third loan (87 billion euros) and reject the 'Grexit' plan backed by the German Minister of Finance, Wolfgang Schäuble. This decision, finally also accepted by Angela Merkel, proposed by Hollande/Macron, Renzi, Belgium and other States, was a significant step forward in the 'politicisation' of the euro and the euro area, as the core of the EU. There has also been clear progress in terms of growth, with growth levels above 1% in Portugal, Spain, Italy, France and also Greece, particularly in 2017.

Thirdly, the concessions made by Angela Merkel show that Germany is not dominated by neoliberalism, but, rather, influenced by the Christian ordoliberalism which, together with social democracy, underpins the 'social market economy'. This also explains the post-austerity change of direction: the flexibility granted by the Juncker-Moscovici Commission since 2014, and the Juncker plan, facilitating a return to growth in 2016 and prospects for a new Franco-German agreement based on clear reciprocal commitments.

Finally, although weakened, the European Parliament has played an active role, by its many initiatives to further growth and employment. The development of new economic governance practices cannot be boiled down to merely a clear victory for intergovernmentalism. There has, it is true, been a shift towards intergovernmental treaties; the Commission has lost some ground in this way, but has managed to retain its powers. It was inevitable, thought some (including the former President of the European Council Herman Van Rompuy), that the new substantial financial commitments would require greater surveillance by governments (Van Rompuy 2015). However, in several cases, starting with the European Semester, a compromise has been struck between supranational and intergovernmental methods, with a move towards new ways to coordinate national policies: some refer to the ‘Merkel method’ (Telò 2015). And for the last two years, Parliament has been coming to the rescue and asking to have a say, upstream, for example, in the European Semester process (European Parliament 2016b).

The European Council is a multilateral body, and has inevitably taken the path of compromise: the most ‘virtuous’ Northern countries, headed by Germany, agreed to the European solidarity mechanisms in return for greater surveillance of the economic policies of countries in crisis. The euro, and the political nature of European integration, have thus been saved, but we are left with a crisis of legitimacy and efficiency. Yet it will only be possible to go beyond the achievements of 2016, to respond to the urgent need for democracy, with a process of differentiated integration, centred on the euro area.

Was there really no other way out of the crisis? We have seen the emergence and failure of three supposedly ‘alternative’ solutions.

Firstly, the extreme-right nationalist, populist European movements call for the end of the euro and a return to national currencies, as part of a neonationalist and protectionist agenda which focuses on rejecting immigrants. However, the first electoral defeats of populism give us a more realistic view of the balance of power. ‘Global Britain’, ‘America first’, ‘Illiberal Hungary’: this mix of nationalist rhetoric and intolerant protectionism is only one of the two options open to the West. These movements represent a trend towards decline, towards possible suicide in this radically changing world. In Europe, the electoral cycle and the economic recovery of 2017 give us hope that a new European vision could stop this wave of destruction.

Secondly, the question is whether the left-leaning nationalist populist movements offer a real alternative to the strategy of increasing democracy in the euro area, or whether they just smooth the way for the original, right-wing forms of nationalism? The Spanish ‘Podemos’ party, the ‘Five Stars’⁴ movement in Italy, Mélenchon’s ‘Unbowed’ party in France are already influencing their respective national agendas by positions which are ambiguous, and which sometimes coincide with those of the extreme right. They have adopted the criticisms voiced by Keynesian economists (Paul Krugman, Joseph Stiglitz, Thomas Piketty) and by some social democratic sociologists (Fritz Scharpf, Wolfgang

4. These movements often adopt left-leaning, right-leaning and/or centrist positions, depending on the issues involved.

Streeck), who implicitly refer back at times to the old debates of the 1980s, when François Mitterrand's socialist minister, Jean-Pierre Chevènement, rejected Jacques Delors' pro-European approach, and instead advocated 'competitive devaluation' and Keynesianism within one country. Progressive theoreticians end up accepting the end of the euro as the price to pay for the nationalisation of social democracy: in the North, a return to strong national currencies and national welfare, and, in the South, a headlong rush by economies in crisis towards the abyss of competitive devaluation, with a loss of workers' purchasing power, and capital flight. According to Wolfgang Streeck, any attempt to improve and democratise the governance and policies of the euro area would be 'a waste of time' (Streeck 2014)⁵. This approach might go down well with those nostalgic for national leftist strategies of limitless public spending, which have failed in the past. It would, however, be to forget the shared analysis of the vast majority of the academic community, also accepted by the trade unions and the social democratic movement since Willy Brandt, François Mitterrand and Neil Kinnock. This analysis has shown how national politics alone are insufficient to cope with the common issues and threats facing European and world governance. It is not by chance that nationalist populism has become the domain of the far right. The return to national sovereignty is a hypocrisy and a theoretical and political step backwards which is devastating to progressive thinking and movements. To avoid these ideas spreading and paralysing progress, the only possible response to populist nationalism is increased unity among the pro-European countries, by means of differentiated integration. It is up to these countries to rescue the values of democracy, of a Europe which stands for peace, tolerance, openness and social progress, also in the interest of 'outsiders', who could, in the future, become insiders.

A third alternative strategy, described by Thomas Piketty and others in the project 'Treaty for Democratisation', or 'T-Dem' (Piketty *et al.* 2017), aims to meet the urgent need for more democracy in the governance of the euro area, which is a positive thing. However, it does so by means of an intergovernmental treaty establishing a European Inter-Parliamentary Assembly. In more detail:

- This new body would be in direct competition with the European Parliament, and the proposal ignores the fact that the Lisbon Treaty (Art. 14 TEU) grants the EP 'co-decision' power with the Council. The EP, it is true, has been weakened by the emergency measures taken to tackle the crisis, but it is striving to return to its original status. This initiative would weaken it.
- This new Inter-parliamentary assembly would have 'the last word' in disagreements with the Eurogroup Council: a body external to the single institutional framework of the EU could thus overturn its institutional balance. This seems a strange way to give new momentum to the Union.

5. It is most surprising that the highest levels of German political thought are issuing these neonationalist messages, which break with seventy years of analysis by the many theoretical schools of thought, including the Frankfurt School, as well as empirical social sciences, describing the irreversible decline of the nation state, the transformation of politics and the inevitable emergence of new, non-state political dimensions such as the EU.

- This new body (whether it has 100 or 400 members) would be designed with the stated aim of ensuring that representatives of creditor countries are in the minority. It would therefore have the last word on the euro area budget, which comes largely from the creditor countries, but would be able to push these into a minority. The indebted countries could thus oblige, for example, the Germans, Dutch, Finnish, Austrians etc. to mutualise their own debts, while, logically, they could increase their own indebtedness as high as they liked. This approach hardly seems fair or realistic. It would stir up disagreement, particularly, between those who believe that protecting the democracy of debtor countries should take precedence over protecting the democracy of creditor countries (Varoufakis 2016)⁶, and those who hold the view that maintaining a balance between creditor and debtor countries was a major democratic achievement in the years between 2010 and 2017. This alternative proposal would destroy that balance.

However, what we can take from this far-left approach is, firstly, the need for a deepening of the euro area, and, secondly, a call to strengthen the role of national parliaments. Article 12 of the TEU, though, already sets out this principle; Protocol No.14 on the early warning system and the Conference of Parliamentary Committees for Union affairs (COSAC), the European Conventions, are the most realistic instruments currently available, to be used in increasing synergy between the EP, national parliaments and the social partners.

These three approaches to exiting the crisis are not credible options for leaving the recession on an upwards note. They underestimate the positive dynamic already underway, the existing balances of power, and the scope that exists for democratic, trade union and political movements, involved in something new and more powerful than in the past, in a leap forwards towards democratisation and effective growth policies, by means of differentiated integration. The institutions support this new dynamic: the European Council, in its Rome Declaration of 25 March; and the Commission in its White Paper of March 2017, and especially in its recent reflection paper on the social dimension of Europe (European Commission 2017a) and the proposal for the adoption of a pillar of social rights (European Commission 2017b). The European Parliament takes a similar line, *inter alia* in its Resolution on the minimum wage and on an active role for the EP in the euro area and the European Semester mechanism (European Parliament 2016a).

The EU has not only been able to survive in the unexpected context of the most serious economic crisis since 1929, but has also been able to strengthen supranational governance. Nevertheless, overly tough intergovernmental negotiations have strengthened nationalist movements, and extreme austerity policies have *de facto* increased the need for greater democracy. The time has therefore come for a new leap forward: but how should this be achieved?

6. For more details, see: http://www.lemonde.fr/idees/article/2016/04/12/quand-yanis-varoufakis-retrouve-la-hauteur-du-chercheur_4900485_3232.html#vVFrDHHQxDaOoB4.99

4. The only path to greater efficiency and legitimacy: a multi-speed Europe and involvement of the unions

Among the forces in society, those represented by the trade union movement are the most objectively interested in consolidating and democratising the euro area. The business community and multinationals find it easier to adapt to a deregulated global economic context, but the trade union movement needs a strong political and institutional arsenal if it is to have any hope of regulating the globalised economy and international trade. A nation state alone, even a powerful one, will be unable to meet the challenges of global regulation in a world involving actors such as the US, China, India and the multinationals. Brexit is based on the illusion of a return to the British Imperial power of the 19th century Victorian era; the EU States, however, despite their differences, do not share this insular misconception.

For this reason, in the view of many theorists, including J. Habermas (2017), the EU needs a strengthened group of front-runners, a political ‘hard core’. This is the only way to hope to tackle the international instability of the era of Donald Trump (who points to Brexit as a model to follow), the aggressiveness of Putin, Islamic terrorism and, particularly, the untamed side of economic globalisation. Such a political and institutional approach is above all in the interests of those who have no other source of power, capital or military might: working people. There can be no individual or social freedom in a political system which is not autonomous and free at international level.

This need for freedom, for international accountability, and the resolve to determine the future of international governance are not present to the same extent in every EU Member State. In countries where the choices are made by populist or illiberal leaders, or where such movements help determine the government’s agenda, opposition is inevitable. The treaties, however, provide for ‘enhanced cooperation’ instigated by a minimum of nine Member States (Art. 20 TEU); others are not obliged to participate, but cannot prevent the States that so wish from moving towards further integration. The choice is therefore between giving up, i.e. restricting European cooperation to the lowest common denominator, and moving forward to create smaller hard cores, addressing issues which are priorities for European citizens.

It is, however, important here to clarify the type of enhanced, differentiated integration needed to meet the challenges. There are three possible negative models of differentiated integration, as well as a fourth model which is both possible and advisable.

The first model was proposed by Schäuble and Karl Lamers in 1994: a ‘*Kern-Europa*’ (hard core Europe), excluding the Mediterranean countries (Schäuble and Lamers 1994). This plan, relaunched in Schäuble’s proposal of 15 July 2015 to exclude Greece, would result in a small euro area, limited to the ‘Triple A countries’, as well as a small Schengen area: in other words, the end of the European project.

The second model, which could weaken the EU as a single institutional framework, would be to take up proposals (for example those made by Hennette *et al.* in *Libération*, April 2016) for an intergovernmental treaty between a limited number of countries,

along the lines of the 2013 fiscal compact. The Schengen agreement did indeed begin this way, and was then incorporated into the EU. However, such a questioning of the central role of the EU system could result in serious legal and institutional complications.

Examples of the third model, ‘variable geometry’, are the current limited applications of ‘enhanced cooperation’ with variable internal compositions: international divorces, the European patent, the ‘Tobin tax’. Altiero Spinelli would have described this functionalist option as ‘Europe à la carte’: each State commits itself only to the extent that fits in with its national utilitarian motives, without any overall political vision. This variant would have no political significance.

Fourth option: a multi-speed Europe able to meet internal and international challenges would require, firstly greater integration for the euro area and, secondly, the establishment of voluntary and open hard cores, based on the EU treaties, particularly in areas falling under the former second and third pillars of the Maastricht Treaty. We shall now examine this fourth model in more detail:

- Consolidation and democratisation of the governance of the euro area (Juncker *et al.* 2015 and Piris 2012) requires a new post of Minister of the Economy and Finance, President of the Eurogroup and, at the same time, Commissioner for Economic and Monetary Affairs⁷, accountable to a Eurozone Parliament (a specific EP parliamentary committee), in closer cooperation with the Conference of Parliamentary Committees for Union affairs (COSAC); it should also be given greater social legitimacy by the setting up of a social Eurogroup and regular interaction between the minister and the social partners.
- In parallel, a smaller number of countries could go further⁸ and advance towards more in-depth forms of voluntary integration: as well as ‘structured cooperation’ in defence policy (Art.46 TEU), the enhanced cooperation referred to in Article 20 TEU. In which areas? In areas of concern to European citizens, first and foremost that of security. Given the instability at our borders and in the world, the EU needs greater credibility in its role as a regional and global civilian power, with greater autonomy *vis-à-vis* the US. The only way to send out a strong signal to public opinion in the fight against terrorism is to move towards enhanced cooperation in fields related to the area of freedom, security and justice. One first leap forward would be the appointment of a European Prosecutor, for greater supranationalism and efficiency, as well as, above all, management of the reception and distribution of refugees⁹, while strengthening external controls on borders would save the Schengen system.

7. A proposal also made by the Italian Finance Minister, P. Padoan, in May 2016.

8. Declaration by the leaders of 27 Member States, as well as the European Council, the European Parliament and the European Commission. Declaration of Rome of 25 March 2017. Download: http://www.consilium.europa.eu/fr/meetings/european-council/2017/03/25-rome-declaration_pdf/

9. According to the Eurobarometer 2016 (Brussels, 2016), 80% of European citizens are in favour of a European defence union, 80% would like greater efforts to promote democracy and human rights in the world, 77% in favour of environmental protection, 71% for immigration policy, 60% for energy.

Only by reenergising the integration process will it be possible to have a positive influence on the domestic agenda of those countries which, for the moment, remain outside, and to strengthen pro-European forces there.

Comparative studies of regional integration organisations elsewhere in the world (Telò 2016) confirm that, despite major differences, a deepening of hard cores is the way to reenergise regional cooperation. The Association of Southeast Asian Nations (ASEAN) is an illustration of this. In 2015, the 10 countries of the central core¹⁰ decided to enhance the ‘three (political, economic and socio-cultural) communities’, as well as consolidating a broader regional structure spreading out in concentric circles: ASEAN plus 1 (a free trade area (FTA) with China); ASEAN plus 3 (China, Japan and Korea, establishing, among other things, the Chang Mai Initiative, a joint regional fund); ASEAN plus 6 (ASEAN plus 3 plus New Zealand, Australia and India, giving rise to the Regional Comprehensive Economic Partnership (RCEP), which accounts for 28% of global GDP); and finally the ASEAN Regional Forum (to which the US and the EU are also invited) to discuss security issues. Similar trends can also be seen in Latin America and Africa.

Of course, if Europe is to have a structure based on concentric circles around a more political hard core, the leadership needs to be able to steer a course based on at least a twofold strategy. In parallel to the urgent need to create political hard cores and to consolidate the euro area, it will be necessary to relaunch integration between the 27 countries post-Brexit. This means completing and enhancing the Single Market (‘Monti Report’), as well as defending the exclusive powers in the key areas of competition and trade policy. Weakening competition policy would mean handing over control of the European market to the large multinationals. Paralyzing the common trade policy would mean amputating Europe’s most effective international tool and holding up global (World Trade Organisation) negotiations as well as interregional discussions (CETA, TTIP) and negotiations currently underway. These discussion and negotiations with many countries pertain to second-generation agreements related to issues such as social regulation, the environment, public services and dispute management. These agreements are the only way to export key elements of the European social model and to prevent Europe, its social standards and values, having to stand alone in the globalised economy. If the EU takes a protectionist, neomercantilist approach, it will miss the many extraordinary opportunities for growth and employment in Asia and the Pacific, the Americas and Africa, generated by Europe’s international competitiveness, its high-quality work and products, and the mistakes of the US.

Is multi-speed integration compatible with a social Europe? The feature shared by all three circles is social dialogue, which is not only a method: it has importance in its own right, reflecting and strengthening the social market economy. The agenda for this social dialogue, however, changes from one circle to the next, since not everything can be done by all 27 countries together. Of course, urgent social innovations will tend to come from the national level – but the EU can inform others of those national solutions which work best (dissemination).

10. ASEAN has 10 members: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

The Commission's Communication of April 2017 proposes a solemn EU declaration on a European Pillar of Social Rights (see Bouget *et al.*; Sabato and Vanhercke in this volume), including a minimum wage in each Member State and an interpretative communication on the Working Time Directive. In addition, there could conceivably be greater convergence of other elements of national 'welfare states' (not daring to dream of an impossible European welfare state) (Vandenbroucke *et al.* 2014 and Vandenbroucke 2013). But, since the community method does not apply here¹¹, what if the Council refuses these proposals? In that case, the 19 could have as possible goals the consolidation of the euro area, its democratisation and the establishment of a eurozone social pillar. The constitution of a social Eurogroup (with a permanent Chair?) should make it possible to move towards a real 'social pillar' for the euro area. Moreover, if a group of States wished to go further, they could do so as a group of 9-15, focusing the enhanced cooperation on objectives on which there was no majority consensus in the Council, such as a large-scale plan on the most urgent social problem – youth unemployment (19.4% in 2016) – particularly by committing further to the 2013 'Youth Employment Initiative'¹².

The European Pillar of Social Rights should form part of an overall project or vision, with economic, social and cultural aspects.

The European trade union movement is clearly the force best able to prevent the further spread of a picture which is disastrous for democracy and for the EU: that of on-going conflict between a pro-European global elite, and the 'people', who are nationalist and protectionist. We must respond to the many extremist populist movements, which do not realise that nationalism and the end of the euro would inevitably lead to the impoverishment of the working classes. Yet any response will be weak unless it is both political and cultural. By way of example, the *Deutscher Gewerkschaftsbund* (DGB), an association of eight German sectoral unions, in its highly effective fight against the anti-Europe party, has rightly underlined the social and cultural nature of this conflict, which is also a struggle for more European integration, for peace, tolerance and memory, and against forgetting and historical revisionism¹³. The fact that the German far-right party, the AfD, unlike populist parties elsewhere, has not scored higher than 10% in opinion polls suggests that the DGB's effective anti-populist campaign could point the way forward for the whole European trade union movement.

11. The Commission and the EU do not have binding authority in the area of social policy: see, for example, the fiasco of the maternity leave directive in 2008 and the delay in revising the posted workers directive.

12. Other sectors proposed by Emmanuel Macron are: the digital sector, Erasmus extended to apprentices, industrial and antidumping policy (Macron 2016).

13. Deutscher Gewerkschaftsbund, www.allianz-fuer-welttoffenheit.de and Alliance for Tolerance, Solidarity, Democracy and Constitutional State – Against Prejudice, Hatred and Violence, 'Human Dignity shall be inviolable', a movement promoted by several prominent figures, in particular by R. Hoffmann, President of the DGB.

Conclusions: a new social movement for a differentiated and social Europe, a lever for regulated globalisation

The deep split in European public opinions between protectionist nationalism and pro-Europeanism also divides the unions. On the one side, the populists repeat, quite successfully, arguments about defending social achievements against immigrants and the EU: on the other, the trade union movement has known for decades that protectionist nationalism and the collapse of the euro would negatively impact both jobs and the purchasing power of their members. The EU will only be able to return to its progressive role, internally and externally, if it has the critical but convinced support of a strong and united trade union movement. The union movement, however, will only be able to take on this vast responsibility if it can call upon an overall vision for the Union, a vision adjusted to the serious internal challenges (how to combine social, economic and security objectives) as well as to global issues: the governance of globalisation.

Of course, jobs and higher wages are at the heart of trade union action in Europe, as levers for growth. Several countries show, however, how vital it is to look beyond purely economic factors. Austria, the Netherlands and Germany have above-average growth and below-average unemployment; nevertheless, extreme right-wing populism is present there. Our efforts are doomed to failure if employment policy is not presented by the trade union movement, and in general by the forces of progress, as one of the aspects of security policies addressing people's 'cultural' anxieties and need for protection (fear of uncertainty, need for identity, etc.). Social security is part of personal security when uncontrolled migration and other factors heighten fears. The opening up of Europe, to trade and to migration, is not tenable without rigorous and humane regulation of migratory flows, financing of public integration policies and regulation of world trade. The only way to limit the influence of nationalistic protectionism is to offer and create a Europe which protects workers from the negative consequences of unbridled globalisation. These are political priorities, but also priorities of identity; only they can rescue democracy and the welfare state, the European social model.

This chapter has referred to several facts which paint a different picture – not one of an inevitable victory for protectionist nationalism – which shows the strength of trends towards the emergence of a new form of Europeanism. The new German movement 'Pulse Europe' and the methods used by the DGB point to a possible way forward: they combine a call for a more social Europe with demands for security. Europe can perfectly well protect without being protectionist. The Scandinavian model, strongly and courageously open to trade while still emphasising social protection, is the continent's best practical example. The challenge is to apply this model to the eurozone and the EU, in the context of a dynamic and differentiated Europe, rejecting a suicidal dash to the lowest common denominator, and nurturing the resolve of countries which wish to move forward, in the interests of all.

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All links were checked on 17.11.2017.

