

# Monica Tiberi: The Institutional Debate

## INTRODUCTION

Multispeed Europe is a term that has been increasingly used and with which we have become increasingly familiar in recent years. how many of you have heard speaking about core and periphery, variable geometry, two-speed or multispeed Europe, differentiated integration, concentric circles, opt-outs, and so on.

Just as an example, as I was coming here from Brussels, I crossed several different circles of European integration: I left the EU and the eurozone; I entered the European Free Trade Association; but I am still inside the Schengen zone.

So a multispeed Europe is something we are getting used to. But thinking about a union going at different speeds, with some members going faster than others, evokes sometimes negative feelings. but it is not necessarily something negative and i will explain why.

## 2. WHY DO WE HAVE A MULTISPEED EUROPE?

A multispeed Europe is nothing new. If we think about it, it has existed since the beginning of the integration process. It is a solution that was adopted de facto to support the European unification process from its origins.

In 1948, the Treaty of Brussels was signed by 5 European countries—Belgium, France, Luxembourg, the Netherlands and the United Kingdom—and led to the creation of NATO the following year.

In 1949, the Council of Europe was established by 10 European countries (the UK, France, the Netherlands, Italy, Belgium, Luxembourg, Ireland, Denmark, Sweden and Norway), and in a few months it enlarged to include Greece, Turkey, West Germany and Iceland.

In 1951, 6 countries signed the Treaty of the European Coal and Steel Community. And we should not forget that one year later, a plan for a European Defence Community was put forward, with a treaty that included an article on the creation of a European Political Community.

When in 1957 the same six countries signed the Treaty of Rome, creating the European Economic Community, the gap between members and nonmembers started to widen. Therefore, the UK, Norway, Sweden, Denmark, Switzerland, Austria and Portugal decided to create their own association, the European Free Trade Association, or EFTA.

It is during these years that the debate on a multispeed Europe arose, especially in regard to the implementation of the embryonic phase of the monetary union. The UK decided to not participate, and the idea of a variable-geometry Europe started to take root. This idea was finally translated into the Treaty of Maastricht, which allowed the UK and Denmark to opt out of the monetary union.

The same thing happened in 1985, when France, West Germany, Belgium, Luxembourg and the Netherlands decided to create a territory without internal borders and signed the

Schengen Agreement. That agreement started outside the European Economic Community but has since been incorporated into the EU's legislative framework. As in the case of the monetary union, some countries didn't want to join and obtained a permanent opt-out (UK AND Ireland), while other countries had to wait before joining because they didn't meet the preconditions. And finally, some non-EU member states—Iceland, Liechtenstein, Norway and Switzerland— also decided to join.

So the Schengen area represents another example of our multispeed Europe.

#### AND TODAY?

The Europe we live in today looks more like a Kandinsky painting than a coherent architecture.

If this seems complicated to European citizens, it is. With an increasing number of policies shared at European level, and as these policies include elements at the core of state sovereignty, like the currency or the control of borders, multispeed Europe has caused confusion not only at institutional level, but especially among citizens. It is becoming increasingly difficult to understand who is responsible for what. And because agreements are often created in an intergovernmental way (involving only national governments, with no role for citizens or the European Parliament), the risk is that citizens will be pushed further away.

But instead of trying to solve this situation, the EU is moving in the direction of even further differentiated integration.

With the economic and financial crisis, we have seen a mushrooming of initiatives and institutions to try to fix the financial architecture of the eurozone: new treaties have been signed, like the Treaty on Stability, Coordination and Governance (the so-called Fiscal Compact), the Euro Plus Pact, the Two Pack and the Six Pack. All these agreements apply to different member states. Instead of solving the crisis by tackling the issues at their roots, the EU member states have preferred to react with small steps and on an ad hoc basis. Member states have even bypassed the EU's legal framework, as in the case of the Fiscal Compact.

Finally, the Treaty of Lisbon establishes the possibility of permanent structured cooperation or enhanced cooperation: a group of countries willing to cooperate further in a certain field are allowed to do so, while respecting the EU's legal framework. This has been recently applied in the case of the Financial Transaction Tax, applied by 11 member states (Germany, France, Austria, Belgium, Portugal, Slovenia, Estonia, Greece, Italy, Spain, Slovakia)

But multi speed Europe is not necessarily a negative thing. As we have seen historically it has been needed in order to advance integration in some specific fields, when not everyone was ready to move forward.

It is true that cherry picking options for some member states of the European Union create many different speeds for such a small continent and therefore increase fragmentation. However in my opinion, the main problem we have now in Europe is not a multi speed Europe, but the lack of unity behind a political project and a common future. A multi speed Europe is not bad until we all keep the same ultimate goal, but is still the case in Europe?

### 3. WHAT ARE THE FUTURE CHALLENGES? HOW DO WE FIX THE PROBLEM?

A multispeed Europe is not only an institutional problem. There is also increasing fragmentation and asymmetry among member states and between leaders and citizens. Asymmetries in economic performance within an incomplete monetary union have deepened as a result of the crisis. For example, youth unemployment has risen to 23% in the EU, with peaks above 50% in Greece and Spain, followed by Croatia and Italy (above 40%), and Cyprus and Portugal (above 30%).

This is not a euro crisis. The euro is a strong currency. The crisis is due to the fact that member states created a monetary union without a political union. We knew this when the EU created the common currency. The founding fathers of the euro thought that political union would come naturally, sooner or later, but this has not happened. The crisis in Europe has now proved that a monetary union without a central power capable of imposing the necessary economic policies is bound to remain unstable. So we face a crucial decision: either we move forward or we fall back. Either we create a real economic and political government to accompany the monetary union, or the euro will continue to be vulnerable and the eurozone will risk breaking up.

Another challenge is posed by the potential exit of the United Kingdom from the EU. What would it mean for the European project to lose a member? What would the consequences be?

And finally, there are countries at the borders of the European Union that want to join the union but don't fulfil the membership criteria yet (Albania, Macedonia, Iceland, Montenegro, Serbia, Turkey) or that could join one day but are still far away from the accession process (Ukraine, Moldova).

Inside the union, countries fear a new wave of enlargement and would prefer to deepen and consolidate the current institutions and policies before letting new countries join. Where does the balance lie? How do we tie countries like Turkey to the EU more closely while negotiations on full membership continue?

The solution proposed by the European Federalists sees the European Union as a whole remaining the principal reference point. The ultimate goal is to create a European federation for all the countries in Europe. But we are now in a situation where we either fall back (and fall back very far, with the disintegration of the European Union) or we make a leap forward.

As the German Finance Minister Wolfgang Schäuble wrote in the *Financial Times* a few days ago:

*We must continue to advance the European project using the imperfect and incomplete instruments and institutions that we have today. To this end, our efforts in the coming years must focus on policy areas that are decisive for boosting growth and employment. . . . In order to make progress in all of these areas, we should keep using the approach that proved its mettle back in 1994: to establish cores of co-operation within the EU that enable smaller, willing groups of member states to forge ahead.*

We believe that the eurozone, because it is the most integrated area, should be the first core to jump forward towards a federation. A federal core, starting from the eurozone, is necessary for two reasons:

- 1- To solve the crisis once and for all, by giving the eurozone a government with a eurozone budget financed by own resources (for example the financial transaction tax, or direct tax), with which to finance investments and growth;
- 2- To solve the democratic deficit, because a eurozone government would also entail a eurozone parliament comprising the MEPs of eurozone countries to strengthen the democratic legitimacy of decisions affecting the single currency bloc.

These changes would need a treaty change. This is why we call for a convention to start as soon as possible, involving all parties, including civil society, to draft a new treaty to create a new federal structure.

As all member states are legally obliged to adopt the common currency sooner or later—except the UK and Denmark, which have an opt-out—we believe that this is the way forward. Denmark is likely to join the eurozone, but not really the UK. So what would we do? Wait for the UK to give up the British pound?

The UK doesn't want to be part of a federal union. So a new form of associate EU membership will have to be devised to suit the British. Associated membership would be offered to countries like the UK, which don't want further integration but prefer to keep the benefits of the single market. It would also apply to states like Turkey and perhaps even Ukraine, which are not yet ready to fully join the EU or don't want to join the EU as such but prefer to have stronger ties with it than other partners.

## 5. CONCLUSIONS

Europe is going through what is probably the worst crisis since the end of the Second World War. Huge challenges have arisen not only inside the European Union, but also at its borders.

We now have the choice to stand up and rise to these challenges; otherwise I fear we will fail. We will fail as Europeans; we will fail in our common European dream of peace and stability.

The solution is to move Europe forward, with those who believe in the same ultimate goal, a continent United in peace. If this means pushing a multispeed Europe, like it happened in the 1950s, it is worth trying. That would be better than losing once for all the trust of European citizens and the hope that we can still build a future together.

If we want an EU able to function and be strong and stable, at the same time strengthening its democratic legitimacy, we need a federal structure that can guarantee it. The European Union was born as a peace project. It is now up to us, young Europeans, to continue to build this dream together.