

THE TIME FOR EUROPE?

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For the past ten years, several generations of students have through their education come to associate the acronym EU with the words “crisis”, “decline” or even “failure”. 2016 was expected by many not always neutral observers to epitomize a seemingly looming disintegration of the European project. Such gloomy prospects were the product of five simultaneous crises: (1) a fast-burning economic recession, (2) a slow-burning social crisis, (3) repeated terrorist attacks and the international instability at the EU borders, (4) mounting migratory and refugee flows, as well as (5) a persistent ‘democratic deficit’ enflaming domestic troubles and pigeonholing the EU as an expedient scape goat. Nevertheless, the EU is in 2017 one of the most economically and politically stable parts of the world, while the challenges it faces are far from unique. The three democratic and federal BRICS – i.e. Brazil, South Africa and India - are affected by their own respective domestic political crises. China faces gargantuan domestic challenges as it continues its economic transition, and this while it is surrounded by political and territorial conflicts, be it North East, South East or Central Asia. So what path for the EU in such a volatile world?

Economically, Mario Draghi (ECB president) has declared that the crisis is over. The Commission President J.C. Juncker stated in his 2017 State of the Union Address that with more than +2% “growth the EU had outstripped that of the USA over the last two years” and that the unemployment rate is eventually falling, although still not fast enough. Said turn-around following some ten years of crisis is matter of facts and was achieved despite several adverse international factors such as: the election of president Trump, a weakening US dollar, the prospect of Brexit, and mounting protectionism across the globe. All of these are creating new challenges for the European economy, slowing both EU growth and exports and rendering the QE policy of the ECB still necessary. As of 2017, not only France and Italy, but all the ‘crisis-countries’ are growing, including such hard-hit countries as Ireland, Spain, Greece or Portugal. Investors and rating agencies are underlining the rosy mid-term prospects of the EU-economy, while the most urgent challenge remains seeing existing growth leveraged in favor of new and better jobs notably for the young generations.

Regarding the political crisis, contrary to prevalent expectations in 2016, the feared domino effect following the Brexit referendum has not materialized. The EU27 are still united in their intent and purpose as they negotiate with a weaker and



confused UK government and Juncker deserved an applause when talking of EU 2019 in optimistic terms. Furthermore, EU Courts have sustained the Commission’s severe criticism of the Polish and Hungarian governments’ threats to the rule of law. A thusly reinvigorated Commission echoes other forms of institutional progress, most notably the gaining momentum enjoyed by Juncker’s proposal to merge the President of the Council and the Commission and the emerging new way of inter-institutional cooperation.

However, despite positive evolutions such budding forms of voluntarism look to many as in evident contradiction with the utopia of an integration process shared by all EU27 becoming all members of the Eurozone. Therefore, a feeling of a weak leadership persists and considered ideas remain

unsatisfactory and in contradiction with the Macron and Merkel project of a differentiated integration. In this respect, Member States - notably the most pro-EU ones - have within the European Council a key role to play. They are the most likely source of a more (self)-selective and realistic political dynamic willing to see the European Union take its destiny into its own hands.

Whether the European Council will be able to cope with this crucial challenge is not yet clear. The populist wave has been defeated in Austria and Netherlands. More importantly, whatever we think about the labor market reform started by Macron, the defeats of Le Pen and Melenchon and the emergence of a pro-EU France - Paris is expected to table up to ten EU reform proposals - offer the prospect of political stability, making possible both the domestic reforms that have been postponed for too many years, as well as a new EU leadership that has been lacking for too long. Moving forward demands first respecting the rules the only way to be credible enough to reform the Eurozone governance.

The expected victory of Angela Merkel in the German elections leaves open the name of the coalition partner, SPD, FDP and/or Grüne. The ULB-IEE well knows the European commitment of Martin Schulz who was invited twice to interplay with the academic community. However, any junior coalition partner would not fundamentally change the pro-EU orientation of the EU's leading country. Furthermore, the current constructive dialogue with France, Spain, and Italy rooted in the 'Rome declaration' of the EU Council (25/3/17) would continue. As such, support for a "differentiated integration" will most likely gather steam. In other words, the consolidation of the Eurozone (with its own Minister of finance, budget and parliament) which represents a political stake, and the formation of "hard cores" in Defense policy and other policy fields (anti-terrorism, fiscal cooperation...) to meet citizen's concerns and fears.



Of course, several caveats remain, considering many of the causes underlying the EU's internal democratic deficit are still there. First and foremost, there is the EU's failure to implement a serious common refugee and immigration policy, and this despite the strong initiatives taken by some member states. In the continued absence of progress in this field, not only would the Schengen treaty (a symbol of the EU success) come under threat, but the very fears and nationalist streams that threaten democracy, growth and the common currency will flourish in countries such as Spain, Austria, Greece and most notably in Italy, the third Eurozone economy, with devastating systemic consequences.

It is only provided that all the causes of the democratic and international emergencies facing the EU are strongly addressed head on, that five years of potential stability, growth and further integration are possible; and this regardless of such destabilizing factors such as Trump, Putin, Erdogan or ISIS. Only under these conditions, will the EU not only shoulder its international destiny, but also offer again a laboratory (not a model) for good governance to other regions and global multilateral bodies.

The likelihood and potentialities of such a scenario are to a large extent the core concerns of the GEM and GEM STONES research agenda. As such, further critical analysis, fresh comparative studies and theoretical innovation are needed more than ever before!

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