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Scenarios for the future of Europe

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SCENARIOS FOR THE FUTURE
OF EUROPE

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This contribution is an attempt to explore Europe's prospects in the longer term. It goes beyond the question of how to cope with the European constitutional crisis in the months to come (pressing on with the ratification; putting the constitution on ice; activating some of its parts) and beyond the management of the most actual problems of European politics and, indeed, horse-trading. It is an attempt to explore Europe's prospects in the longer term. My starting point is the choice between further enlargement and consolidation that is intermingled with the choices between "liberal" and "social" Europe and between centralization and "devolution" in the Union.

My departing point is that that the post-war EU-project of concomitant deepening and widening has almost advanced to its edges for reasons of size, institutional capabilities, political culture, internal balancing of politics and markets and shared meanings. Therefore, the Union and its member states will have to decide whether to consolidate (and eventually rethink the direction of integration as the British and other governments propose), or to open up to new frontiers.

In the following I organize my argument around four scenarios labeled

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- “historical Europe” (deepened or scaled back and to a certain degree “differentiated”),
- “wider but two-tier Europe” (including Turkey),
- transcontinental (international) Organization extending “from Marrakech to Vladivostok” (“regional UN”) and
- Disintegration.

Each scenario is associated with a different answer to the question what kind of Europe emerges in institutional, as well as economic, social and political terms.

Sorting out improbable scenarios

Now, the questions I will deal with are what scenario is more probable and what might happen if the Union follows either way. In trying to answer them I will avoid as far as possible value judgments and normative statements of the type “Europe should do this or that” or “this is the best way ahead” and so on.

We can safely consider the “regional UN” scenario anticipate in which we anticipate that the Union expands to include all countries from Marrakech to Vladivostok and transforms itself into a more classical international entity as a very remote one. Even though we cannot easily bypass at least some of the economic and even political arguments underpinning this scenario, we record no such debate taking place in Europe

Instead, ideas are currently tested in the Union on how to avoid further enlargement and on the alternatives to be offered to the “neighborhood”. The developing new “European neighborhood policy” (ENP) covering the neighboring North Africa, the countries of the former Soviet Union and the Middle East (Commission 2003:4).

Further, some seem to think that the rejection of the Constitution by the French and Dutch voters is a catastrophe for the

Union since it threatens to trigger a process of chaotic disintegration in Europe. It is true that the outcomes of the French and Dutch referendums on the constitutional Treaty and the divisions about the budget in 2005 displayed a crisis in the elite – society relationship as well as inter-elite tensions and brought to a halt a constitutional process that had top-down characteristics. They also displayed in a somehow contradictory way outspreading economic and social discontent. In face of these messages, the governments reacted by introducing a period of reflection upon the direction of the integration. However, despite worrying evidence, *I think that disintegration is not a realistic perspective*. An institutional vacuum of this quality is inconceivable in Europe where integration is sustained by multiple formal and informal links, interlinked arrangements, the recognition of the imperatives of interdependence and the dangers of national chauvinism. Therefore, I will concentrate on the effects of the first two scenarios on institutions, policies and even cohesion and loyalties.

In analyzing these effects, I explicitly or implicitly derive from familiar concepts: “positive” and “negative integration” (Scharpf 1996) leading to the *hypothesis* that the more the Union expands, the more negative integration will preoccupy the minds of European politicians; societal security developed mainly by Scandinavian scholars (Waever et al: 1998) focusing on the identity of national or other ethnic communities, not on the organizational stability of states; modern and post-modern political cultures characterized by different ideas of national sovereignty (inter alia Cooper: 1996).

Historical but not necessarily “ever closer Union”

In the first scenario, we anticipate that the European Union, eventually after completing current procedures to embrace Romania, Bulgaria, possibly Croatia and later the West Balkan states, will

be consolidated for decades within stable boundaries. This option derives from the present state of integration based on some fundamental common structures in the old and new member states and on “common memories” or what has been described as the “foundation myth” (Helene Ahrweiler, 1993: 31).

Values

The “constitutional Treaty” has been based on the assumption of an “ever closer Union” with a distinct European identity and, therefore, boundaries. The process of constitutionalization, made explicit provision for the basic values and strengthened forms of cooperation that presuppose stable democratic institutions in the member states and domestic structures receptive to the need for shared sovereignties in a post-modern world. It reasserted the common ground called by the classical thinkers of integration “background conditions” (Deutsch 1968: 192) or “socio-political context” (Haas 1968: xxxv-vi), upon which the Community or Union has been constructed.

The renewed constitutional process seemed, therefore, to guarantee deepening not widening and to be one of manifold attempts to grasp European distinctiveness in terms of values embedded “within the life of society” and in the present institutions. The draft proposed a definition of the European identity that, with good reasons (Habermas: 2001), avoided historical-cultural notions (for their critique see Ostergaard: 2002; Hale: 1993). All this does not mean that Europe has completely come up with her own ideals. But, it is important that a common orientation to defined norms and respect for the essentials of established institutions guide political and societal action.

Differentiated integration?

Further, even today’s enlarged Union is too big to be or remain or become “one and united” after the manner of earlier federal

dreams. Widening has already led to a kind of differentiated integration. For example, in monetary affairs and economic policy coordination, a two-tier Union has already emerged and, in the area of defense, some member states pursue deeper integration. In the past, the idea of forming a core has been advocated by German (Fischer: 2000), French (D'Estaing and Schmidt 2000) and other politicians and again raised by Jacques Chirac in the aftermath of the deadlocked EU summit in June 2005.

However, "historical Europe" could retain the *aspiration* that all member states participate with the same rights in all European schemes of integration and political cooperation. Variability could be further perceived as a transition to the "ever closer" dream. This is well reflected in the draft Treaty's provisions on "enhanced cooperation" (article I-44) and other arrangements.

Complementarily, some rebalancing of powers between the EU institutions and national governments in certain policy areas may occur as international competition increases and new problems arise that no single government alone can solve. We expect cautious deepening in matters of internal security and international responsibilities to cope with the threat of proliferation of weapons of mass destruction; state failure; terrorism etc A shift in the EU budget priorities away from farm subsidies and price support towards innovation, technology and human capital is also rather certain. The budget would then better serve the priorities of the Lisbon strategy to enhance European competitiveness. In certain cases (example: economic policy coordination) a kind of soft devolution is conceivable. The principle of subsidiarity may be strengthened in economic policy matters (regulation) leaving more room to institutional competition among member states.

'Liberal' versus 'social Europe'?

Going now beyond institutional aspects, we first note that the process of European integration has been driven so far *mainly* by

liberal considerations. It stimulated trade, competition and factor mobility. The principle of free trade dates back to the Treaty of Rome in 1957. But it has also been concerned about cohesion, stability and social policy objectives and until end '90's did not upset the delicate *national* balances between markets and welfare states. It has been part of the political consensus that an efficient allocation of resources is not necessarily just and politically acceptable.

Due to its traditions, "Historical Europe" is a real battlefield for rival economic and social concepts. The disagreement on the direction of economic and social policies or the balance between efficiency and equity will never be suppressed. In the spirit of Eisenstadt (2000), this disagreement is a constituent element of the European modernity. The result has been a distinct European way to organize society – the "European dream" of J. Rifkin (2004).

Currently, two main and more or less concretely defined concepts prevail in the discourse – "free market" versus "European social model". The UK government emphasizes the need for Europe to adopt a more liberal stance compatible with the realities of globalization. To this view, once more restated when Britain took over the EU-Presidency for the second half 2005, the increasing global competition requires governments to extend the internal market to services as a means to enhance European competitiveness and to introduce the degree of flexibility in their labor markets necessary for a shift to new jobs up the value chain, where knowledge and innovation create comparative advantages. Concomitant to that, the expansion of the EU should continue (UK Presidency: 2005).

In the campaign against the draft Constitution the idea of protecting the "European social model" – the second, rather vague, concept advocated most pronouncedly by French political parties and the German left social democracy – had a prominent place. The concept departs from the conviction that the European way generates less inequalities and insecurity and provides institu-

tions, which encourage long-run trust relations and a forum to cooperate in adapting to the new environment (see *inter alia* Marsden, D.: 1997). Last but not least, it is theoretically possible to have models diverging from the American capitalism in many areas even in the epoch of globalization. (Freeman, R.: 2000).

The social concerns are modestly reflected in the “social dimension” of the Union and its structural policies, which over the years have been attached to the economic one.

At present however, it is broadly accepted that the continental versions of the model cannot come to terms with the new challenges. There is sufficient evidence that they are financially not sustainable on the long run; their priorities in practice do not reflect real needs; they are loaded with dysfunctional elements as a result of collective action (J. Buchanan: 1988); and they are now associated with slow growth and high unemployment. Therefore, Change in the same liberalizing direction is inevitable even though there will be no single adjustment pattern because of the path dependency of the national economic and political institutions and the historical frame of their approaches to change (Vivian Schmidt: 2002: 310).

Now, the scenario of a “historical” and not expanding Union, which still has to define its institutional balance and policy mix, is favored by the fading support to further enlargement in many member states. The 2005 French and Dutch referendums have changed the political environment for enlargement since opposition to it and a sense of overstretching of the EU has contributed to their outcome. Popular rejection of Turkish accession remains a powerful factor in other member states such as Germany, Netherlands Denmark, Austria and elsewhere (*Frankfurter Allgemeine*, 20. Juni 2005, *Financial Times*, June 3, 2005).

Turkey's place

Despite current trends, could Turkey's prospective place inside

“historical Europe” be defended (for a balanced overview of pros and cons see Leggewie: 2004; Quaisser and Reppegather: 2004). Turkey is an important strategic player and, certainly, a lot depends upon how it develops in the next decade (s).

The country is at present engaged in an impressive program of reforms (Commission 2004) and has since 2002 managed to control inflation and to maintain high growth rates (OECD: 2004).

The prospect for membership works as a catalyst for Turkey to complete the broader process of modernization touching upon its core institutional structure, identity and values and introducing new standards in areas such as gender equality and minorities status. The impact of the EU is not just economic. But, judging by past experience, this process is neither quick to complete nor smooth nor even irreversible. If forced beyond the point societies are receptive to changes, it might generate tensions, mobilize traditional counter forces or vested interests and slide into instability! In the case of Turkey, too, the “Tansimat syndrome” (Jung and Piccoli: 2001:38ff; Ahmad: 2003: 33ff), the suspicion that reforms and minority rights do not guarantee loyalty, might be reactivated with far-reaching implications for liberalization and reform.

Scepticism derives also from political culture concepts. The European Union is a conscious attempt to go beyond the nation state (Cooper: 1996: 17ff; Rifkin: 2004). It does not emphasize sovereignty and has established a highly developed system of mutual interference in each other’s domestic affairs! It has been this bitter experience with nationalist excesses and the capacity to reflect upon it that led Europe to the creation of the “supra-national corset” of the EU. Turkey on the other side as it increasingly becomes a *modern* society would possibly have great difficulties in the framework of the Union. Nationalism remains a formidable force and is even part of Kemal’s tradition (Steinbach: 2003; Paresoglou: 1995; Tibi: 1998; see however Ahmad: 2003: 88ff).

“Wider and two-tier Europe” (including Turkey)

This scenario we deal with next is considered by many as the most probable one despite the fact that the prospect of further membership already causes tensions inside many present-day member states. In this scenario, the EU expands to embrace up to 35 states (including Turkey).

Ideas about a “European” larger system have a long history. They can be traced from De Gaulle’s “Europe from the Atlantic to the Urals” to the Helsinki Process with its recurring Conference on the Security and Cooperation in Europe and to the concept of “*a common European house*” (Gorbatschow: 1990).

There are reasonable arguments to support a new big-bang-enlargement. As in the past, the prospect of membership may be conceived as a way of exporting stability to neighboring countries; and it would perhaps better serve strategic imperatives, energy security, trade and investment. It is obviously the liberal option.

Turkey holds the key to this scenario, too. If it becomes member of the Union, there will be no reason to deny this prospect to the Ukraine and Belarus, to name just two countries in the East. The adjustment pains would be in some respect far less intense than in the first scenario.

Pronounced ‘two-tier’ characteristics

The prospect of extending Europe on the scale anticipated in this scenario will have an impact upon the scope and internal workings of the Union. In the new, brave and “wider Europe” including greatly differing regions, it would be extremely difficult to develop ideas on how to manage the economy through supranational devices; to monitor, implement and extend the network of hundreds of social directives and regulations; to put limits to a regulatory competition to the bottom in crucial policy sectors; to implement a common monetary policy; to carry on the impor-

tant intermediate layers in the EU economic governance based on consensus, commitment and coordination among sovereign governments; to continue the current very European debate about alleviating the hardships of market creation, making central institutions accountable, strengthening transparency in the decision making and avoiding “impositional politics”.

Coming to the nearest problems of the Union, we expect that in the case “wider Europe” is in sight some key EU-policies, chiefly the CAP, the budget, structural policy and funds and for some time to come the free movement of people will be quicker to adapt to the new situation. Pressure has already increased to put upper limits to the EU budget by holding expenditure down to the 1 percent limit and shifting priorities away from the CAP, (*Frankfurter Allgemeine*, 20. Juni 2005). It is also interesting to note that the framework of accession negotiations adopted by the EU-Summit in December 2004, provides for rather long transition periods before free movement of people is established and for an emergency clause (European Council: 2004).

The movement towards an all-embracing political deepening will probably come to a halt. In this “wider Europe” and in line with Delors “second clear concept”, the forces of diversity will gain strength and the already existing “two-tier” characteristics of the Union will become more pronounced. In this scenario, we can at first imagine two entities in “Europe”, one very large but with limited political ambitions, and another with limited membership but greater political ambitions striving to become “ever closer”, whatever that for the time being means. At the extreme, more splitting is conceivable (multi-tier Europe). This could ease the tensions arising from the meeting of modern and post-modern worlds inside wider Europe.

A core in more liberal surroundings

It is logical to expect that the euro-zone member states, having a

common interest to preserve the euro to promote euros long-term sustainability, would pursue deeper political integration on the basis of a new Constitution or a revised version of the currently disputed Draft. They might also pursue deeper integration in the areas of foreign policy and defense. But it is not clear who would be in the foreign and security policy core. Two years ago Germany, France, Belgium and Luxembourg started an initiative on defense matters to forge closer links, but it is not certain whether such initiatives will go ahead. Since St Malo's defense deal in 1998 developments in security and defense policy are rather driven by France and Britain. In the mean, Germany presses to become a member of the UN Council. This would imply that the three big countries find it more natural to intensify their cooperation. In a Europe of 35 member states Turkey would also be a "privileged" co-player in security matters.

The second and larger part of the "wider Europe" would comprise all 30 or 35 member states. It would consist of a common external trade policy, an internal market cum competition policy, free movement of goods and capital and some official transfers through the structural funds. This is essentially today's EU minus Euro, CAP and probably free movement of people! In other words, this outer part would be an institutionally enriched large economic area well in conformity with British views. The Union would be bigger but with less all-inclusive political integration.

There is no reason why Turkey should not be part of this outer space in a two-tier Europe. The same applies to Ukraine.

Which way ahead?

There are many factors that are likely to affect Europe's choices. The theory of European integration highlights, among other: common threats and objectives; strategic imperatives; the influence exercised by the USA (Turkey's undoubted strategic impor-

tance assures it, most of the time, of US support); the policies of existing (supra-national) institutions throwing their weight into the decision processes; density of exchange and communication; interdependence and the need for credible commitments between governments; the “routines” of cooperation; spill-over; prevailing ideas and the alignment of national preferences.

Taking these factors into account, my view is that neither the “regional UN scenario” – a multi-centric “Europe” extending from Marrakech to Vladivostok- nor disintegration of the Union are realistic perspectives. A “*historical Europe*” (with some ambiguities about its internal institutional structure and politics-market balance) and a “*wider, two-tier Europe*” (including Turkey and other) are the most probable ways ahead. But there is no certainty about the final option. As I argued, much will depend upon success or failure of Turkey’s efforts to adjust to the demands of integration.

Experience indicates however that this process, if forced beyond the point societies are receptive to changes, might generate instability. “Historical Europe” would be better in agreement with the common ground upon which the institutional super-structure of the Union emerged and progressed. *This common ground, created in long historical processes, includes a particular type of state and society* as the classical thinkers of integration insisted, and it explains to a good part the stability and depth of post war integration as compared with similar but by far less successful experiments elsewhere. With a “historical Europe” consolidating, a kind of “privileged partnership” with Turkey should emerge as an alternative to membership.

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