

SCENARIOS FOR THE POST-CRISIS EUROPE

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The EU and the future of European integration are challenged by the deepest systemic crisis in its history. The world economic and financial crisis has become just a catalyst for those problems that existed earlier and were not addressed properly by the EU leadership. The failure of the multicultural project in Germany, France and the UK, the growing mistrust between Brussels and EU's ordinary citizens, between the north and the south within the EU, the rising tide of nationalism, xenophobia, and populism are the most telling evidence of the ongoing crisis. The ongoing eurozone crisis has already resulted in damage to the EU's reputation as a model of both competent economic policy management and successful regional integration and multilateral cooperation. As a result of the crisis and intense competition from emerging powers, the EU's values-based foreign policy is being replaced by economization, renationalization and bilateralization. EU member- states are competing for economic deals with Russia and China. In short, the crisis has dealt a heavy blow to the attractiveness of the EU soft power model for third countries – including Russia.

In this context the issue is not simply whether the Eurozone survives. The fundamental issue is whether the core concepts of the European integration remain viable. Moreover, is not clear yet how the EU will come out of the crisis, how it will be functioning and whether it will have resources to maintain the cogency of its international projection. However, the notion of crisis has two meanings: first, crisis as a situation, which anticipates collapse of a system, and second, crisis as a turning point, which implies radical changes in a system. There is no shortage of different forecasts for the future evolution of European integration beginning with the most apocalyptic scenarios about the EU collapse and

ending with the most exotic ones about the EU isolation from the outside world which would make it a secluded paradise. The EU collapse seems rather unlikely, since the EU member states will do their best to avoid the enormous economic, financial, political, and social challenges that such a scenario implies. At the same time, it seems equally unlikely that member states will be ready and able to make one giant leap towards a "United States of Europe", kind of a supranational politeia, in which EU countries agree to concede national sovereignty on an unprecedented scale. The main scenarios are revolving around two options – more fragmentation in EU or more Europe in EU. But there can be a third scenario - more fragmentation and more Europe at the same time.

At times, progress might only be possible within a small coalition of the willing – a de facto multi-speed EU. Europe must develop institutional arrangements for a two-speed Europe which will include the core and periphery. In all likelihood, the core of the post-crisis EU will be built around eurozone including political and banking unions. This in no way precludes cooperation between the core and peripheral member-states in multi-speed integrationist projects. There will be also changes in the balance of power within the EU core, the crux of which has traditionally been the Franco-German tandem. One cannot but recognize the emergence of a new "Roman union" (France, Italy and Spain) that opposes Germany's austerity strategy putting the emphasis on economic growth. They also deny Germany's right of "leading by example", since the very idea of German fiscal discipline was betrayed by the Germans themselves in 2003, when they violated the Stability and Growth Pact criteria.

Without the determination of the EU leaders to address the unfinished business of the past and new challenges posed by the crisis, the achievements of European integration will be curtailed. European leaders should offer their citizens a future-oriented *raison d'être* of European

integration as well as concrete projects - on single European energy market, cross-border health market, labor market, single social space, common migration and asylum policy - that can bring tangible results in near future. In tight logical linkage to that they should win back the trust of their citizens decreasing democratic deficit through strengthening the role of national parliaments. National parliaments should develop stronger links and interaction between them providing European Parliament with expertise on the most urgent issues that involve unanimous decision-making and to increase the involvement of national parliamentarians in eurozone governance. The latter would require a new approach to the euro, based on investment rather than transfers.

The best EU could do for itself and the post-bipolar world is to recover, to come out of the crisis stronger, to reinstate its role in the international relations and prove the viability and attractiveness of its model for the third countries.