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Europe in Ten Years

By **Nicole Gnesotto**

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Translated from French by Philolingua.

In the last 10 years, European integration has suffered several shocks. These shocks have challenged the historical narrative of the European Union, and have profoundly affected policies, as well as support by the peoples of Europe for the EU project. The real risk of disintegration can only be avoided if Member States accept to overhaul European integration, based on the idea of “civilizing globalization” and adopting corresponding policies grounded in solidarity.

politique étrangère

“The best way to predict the future is to create it.”

Abraham Lincoln.

Let us remember the Europe of ten years ago. In 2009, even though concern was growing about the impact of the *subprime* crisis, which had recently broken out in the United States (Lehman Brothers had gone bankrupt the previous year), the European Union (EU) was relatively calm and even ready for a new stage in its integration process. The European Parliamentary elections on 4 June led to the victory of conservatives and the arrival of Manuel Barroso’s team at the head of the Commission. A second referendum in Ireland – positive this time – in October, allowed the Treaty of Lisbon to come into force on 1 December, with important provisions on creating the Presidency of the Council of the European Union (Herman Van Rompuy) and the position of High Representative of the Union for Foreign Policy and Defense (Catherine Ashton).

The attractiveness of the EU could not be denied. Iceland submitted an application for admission that it only withdrew in 2015. Above all, the dominant thinking in Europe presented adopting the Euro as an

opportunity, a bulwark, and solid protection against the effects of the economic crisis which was hammering the United States at the time. Admittedly, the Greek crisis emerged in October 2009, but confidence remained high in the EU's ability to overcome this challenge and to start a new phase in its history with the Lisbon Treaty. When it looked to the rest of the world, Europe mainly turned to the United States, and it admired Barack Obama, who was inaugurated at the start of 2009 and awarded the Nobel Peace Prize nine months later.

In short, 2009 was part of another world, and absolutely belongs to the past. Ten years later in 2019, it is no longer the economic crisis which dominates the European agenda: growth of around 2% has even timidly returned to some European economies. Instead, it is an unprecedented political crisis which is striking fear in the liberal and democratic foundations of the European project. Populism is growing everywhere, from the French *Gilets jaunes* to the electoral support for Matteo Salvini, Viktor Orban and key Polish politicians. This very populism is of course also fracturing American society, and the United States is no longer generating the appeal and trust which usually permeate relations with allies. In fact, there is astonishment and concern among Europeans in the face of an unpredictable, short-tempered, and deeply anti-European Donald Trump, especially because he is anti-German. As for the EU's attractiveness, it has been lost in the throes of Brexit. In light of these extraordinary developments, what might Europe look like in ten years? This question is hard to answer as even predicting the next six months seems risky, let alone the coming decade!¹

A typical approach would be to combine the multiple variables likely to determine Europe's future: the United States (ally or enemy? involved or distant?); prosperity (global crises or stabilized growth?); politics (maintaining democracy or a victory of extremist populism?); threats (Europe at peace or at war?), etc. A variety of scenarios could emerge: a democratic and prosperous Europe allied with Washington; an authoritarian Europe in crisis and alone; a prosperous, but authoritarian, Europe allied with the United States. In short, the possibilities range from the worst to the best. However, the combination of these variables makes analysis of all scenarios difficult and somewhat contrived. Here, I prefer using another approach: to identify the key elements which

1. There have been many books and documents concerning the EU's future at different times. The latest one is Jean-Claude Juncker's official speech on Wednesday 1 March, 2017, in which he presented his proposals for the Union's future to the 27 members. This document proposed five scenarios: the *status quo*, focusing on the Single Market, a more integrated Europe, a multi-speed Europe, and a variation between the two last models.

have been percolating in the Western world since the globalization crisis started in 2008; to draw lessons from recent crises; and based on these findings, try to build possible, probable or desirable scenarios for Europe in 2029.

Two conflicting forces

Europe is a bit of a microcosm of the world. It is economically integrated, but politically divided. Similarly, at the worldwide level, unification dominates the global market, while division and fragmentation (192 countries) are the rules of international political life. In both cases, a Single Market does not create political unification. In both cases, two totally opposing dynamics clash.

The dynamic of economic and monetary integration is the cornerstone and driver of the European Union. The EU has continually expanded geographically with the significant enlargement in 2004, while integration has deepened since the 2008 crisis. This is evidenced by the creation of the Fiscal Compact in 2012 and the Banking Union, projects to reinforce the Eurozone, tax convergence for companies, and the Commission's initiatives to consolidate the Single Market. As a result, despite the 2008 crisis, the EU is still today the leading economic and commercial power in the world.

The reverse dynamic is political disintegration. Most recently, it has come from the withdrawal of one country (the United Kingdom) from the Union, and the desire of some political forces to renationalize common policies (populism and nationalism of all persuasions). The temptation of a geographical exit seems less strong since the publicized chaos in the United Kingdom, but underground populism is a powerful trend and is potentially revolutionary, in the sense that it could result in the total break-up of the Union. Many Member States (at least seven before the 2019 elections) have already elected political parties which advocate a break with European integration and a return to national control over all policies.

Integration vs. disintegration

Hence, an uncompromising race between these two dynamics has begun in recent years. Which one will win? Will the forces of economic integration be powerful enough to overcome the desire for Europe's political disintegration? Or will the dynamic of disintegration end up prevailing, challenging the desire for economic integration?

These same questions apply to the entire international system since Donald Trump's election, in other words to the future of globalization.

Will the forces of economic integration be powerful enough to overcome the dynamics of geopolitical and ideological disintegration at work in globalization? Or will the dynamic of disintegration and confrontation prevail (based on protectionism, trade wars, or even very short wars) and challenge globalization itself? Worldwide – as in Europe – there is no issue more important than this. And the answer is neither an automatic nor a foregone conclusion. It is then that the political will in favor of Europe – which I share – will face its moment of truth.

Three lessons

We still need to draw the right lessons from the current crises to recreate a long-lasting project. Three of them seem particularly relevant.

The first is the amazing acceleration of political time, even faster than the reported acceleration of time required between two major technical discoveries.

Succeeding the fixed rules of the Cold War, the world since the fall of the Berlin Wall has in fact experienced a major revolution every five years, then every year, and now every six months. Let us remind ourselves of these. 2001: the attacks against the World Trade Center and war in Afghanistan. 2003: the US war against Iraq. 2008: the US economic crisis and Russo-Georgian war. 2011: the Arab revolutions. 2013: the civil war in Syria. 2014: the Russian attack against Ukraine and the annexation of Crimea. 2015: terrorist attacks in France and the arrival of a million refugees in Europe. 2016: Brexit, then the election of Donald Trump. 2017: the strengthening of authoritarianism in Turkey and revolution in the management of the North Korean nuclear issue. 2018: the victory of the extreme right in the Brazilian presidential election, *Gilets jaunes* protests, and growth of populism in Europe, etc.

Each time, these events profoundly change things, making strategic anticipation increasingly difficult and the surprise effect practically inevitable. We are always one step behind a crisis, and therefore behind in finding necessary responses and progress. Additionally, for a long time the strategists of all Western countries established “strategic surprise” as one of the forces of international security in the age of globalization.

What lessons can be drawn for Europe in ten years’ time? What is unthinkable today may become possible tomorrow. Given the current crisis, we can identify the worst-case scenario – the disintegration of the

Union through the complete renationalization of its policies – as being relatively likely. However, the opposite is also possible: a federal, integrated, sovereign and powerful Europe within globalization. Nobody thinks this is so today; but why not?

The second lesson of the past: globalization is not necessarily good news

Globalization is undoubtedly good news for the world's poor countries, because it allows millions of people to escape extreme poverty. On the other hand, it is a difficult challenge for rich countries, starting with the European countries. What public opinion instinctively sees, what justifies the distrust, or even rejection of globalization by many citizens is down to the fact that globalization enriches European countries, but it also significantly increases the difference in wealth between the rich and the poor of these countries. Moreover, it weakens, or even impoverishes the middle classes who were formerly raised in the certainty of regularly improving their living standards with every generation.

However, this last certainty has disappeared. And a rather dismal anticipation of the future now predominates in most social classes in developed countries: the feeling that there are winners and losers from globalization and that only the top two or three percent of the population are winners. Fear of impoverishment has thus become an integral part of the European political landscape, with all the consequences that can be inferred from it: nostalgia for the past, the valorization of nations, adherence to the most anti-European, anti-globalization, anti-elite, anti-foreigner ideologies along with accusations of weakness or collusion by a European Union that has forgotten its people, etc. The *Gilets jaunes* in France are an expression, among others, of this rejection of complete and uncontrolled economic liberalism, which dominates the world. They also state, like others, their desire to regain some control over things, their lives, public policies, and over the very future of the world driven by globalization.

Is it the end of the golden age of democracy?

Doubtlessly, these upheavals mark the end of an era; in the West at least. The long historical sequence of neoliberalism and political democracy is drawing, if not to a close, at least to the end of its golden age. Representative democracy, liberalism's twin sister, is similarly weakened: in the United States, as in Europe, the populist, authoritarian – "illiberal" excesses, as many call them, to reassure themselves when faced with the risk of fascism – are enjoying great success. The irony of history is significant: will globalization, this incredible economic victory of the West,

be accompanied by an equally unbelievable failure to maintain its other major invention: political democracy?² The current challenges are indeed powerful as they come as much from above (Donald Trump's protectionism) as from below (populism and the revolt of the people). Insofar as it is able to, Europe must respond to these challenges.

The third lesson: Europe cannot continue as if nothing had happened

This is undoubtedly the most important finding and the most difficult to accept. The success of the European project has been so obvious over six decades, that a decade of crises does not seem sufficient in the eyes of many to change the current mindset. Indeed, European integration enabled half a billion European citizens to emerge from the grimmest misery in the aftermath of World War II to become today the inhabitants of the leading economic and trading area in the world, which is also democratic and peaceful. And all this in just 60 years.

The success is undeniable. However, another reality is equally important: the economic, strategic and political conditions which helped Europe to achieve such an increase in power and prosperity are now a thing of the past. The Cold War is over; Europe has significantly expanded to the former Communist Bloc; economic globalization has overturned the conditions for global growth; the West has lost its position of monopolizing power, etc. As for transatlantic relations, which had been based on the security and defense partnership between the United States and Europe since 1949, it is an understatement to say that they are in a phase of deep turmoil with Donald Trump's presidency. Who can safely bet that the North Atlantic Treaty Organization (NATO) will last through to 2030? In other words, if it is to survive and convince again, Europe must respond to the economic, strategic and political realities of the first part of the 21st century.

Many analysts argue for the invention of a new "narrative" from the European Union. Indeed, it is difficult to continue to defend Europe on the sole need for Franco-German reconciliation or the establishment of lasting peace on the continent. The young generations are no longer responsive to these statements, 70 years after the end of the War. Similarly, advocating the necessity of European integration based on the need to reconcile the two Europes – West and East – after the end of the Cold War, is no longer a sufficient argument: the European challenge is no longer

2. See N. Baverez's book, *Violences et passions. Défendre la liberté à l'âge de l'histoire universelle*, Paris: L'Observatoire, 2018.

that of its expansion to the East, which was also not welcomed enthusiastically when it occurred in 2004...

Nowadays, the challenge is to imagine an attractive role for the EU within globalization. In a book, co-written with Pascal Lamy, I advocated that Europe's role and vision is to "civilize globalization", in other words "to act in the world and for the world".³

However, Europe not only needs to invent a new narrative, but it also needs to implement a different policy, which would comply with citizens' demands, as well as consumers' needs. This policy would help the losers of globalization, as well as already-globalized players; and it would meet Europeans' need for sovereignty in relation to their political non-existence or their extreme Atlantic dependence.

If Europe made this a new priority, if markets, banks and companies were not the sole beneficiaries of the Single Market, then Europe would be doubly saved. By becoming useful to ordinary citizens, it would again find the political credibility and economic effectiveness that many now blame it for having lost. "Europe must now invent this third way: a Europe that is both liberal and social, globalized and protective, so that our heirs, like ourselves, are never forced to choose between two evils: the ultra-liberalism of some and the authoritarian populism of others".⁴

Three or four scenarios...

Admittedly these lessons are not shared by all. Other analyses and other political decision-makers often draw opposite conclusions: liberalism is a disaster for the identity of nations; the European Union is complicit in the victory of markets over people's well-being; openness to the world, to refugees and trade are the death knell for cohesion and national wealth, and so on.

These perceptions are all the more widespread since the European Union is struggling to return to sufficient growth rates needed to substantiate its relevance and usefulness, following the decade of crisis it has just gone through. So, a kind of major, uncompromising ideological struggle is being re-enacted in the West, no longer between the East and West, nor between nationalists and progressives, but between liberal democrats and sovereign autocrats. Based on the balance of power between these two camps, several scenarios may be developed to consider the European future.

3. P. Lamy and N. Gnesotto (with J.-M. Baer), *Où va le monde?*, Paris: Odile Jacob, 2018.

4. N. Gnesotto, *L'Europe indispensable*, Paris: CNRS Éditions, 2019.

The first one is an extreme scenario: that of European disintegration and a return to the plurality of nations. This disintegration is already underway, visible, if only in the United Kingdom. Indeed, Brexit is a first: the divorce of one of the Member States proves that the European project is not irrevocable, as previous generations truly believed. Admittedly, the hypotheses of chaos or major uncertainty after Brexit have had a deterrent effect on countries previously tempted by such a divorce. But the disintegration of the EU has not been stopped. The renationalization of some common policies – starting with the abolition of the Schengen area and taking back control of political borders – is a recurring demand of all populist parties or governments. Opposition to EU rules in the name of an economic recovery, which should replace an austerity economy, also drives many players to reject the recent gains that the Fiscal Compact and the criteria inherited from Maastricht concerning government deficits and public debt. If this groundswell becomes increasingly dominant in the next decade, the deconstruction of Europe, its return to a simple free trade area and a sovereign co-operation between independent states could become a reality by 2020.

The second scenario is the continuation of the European project as before, as if the current crises – economic, political, Atlantic – will resolve themselves without there being any need to change the current European integration mindset. Then, expansion to the Balkan countries, as promised in 2004, would continue. Trade partnerships with other major areas of the

Continuity would be risky and dangerous

world would also continue to be pursued (after deals with Mercosur and Australia), and the completion of the Single Market would remain the alpha and omega of EU policies – albeit adjusted to the mantras of “inclusive growth” and the digital society. The policy of austerity and structural reforms desired by Germany will remain the dogmas of a return to growth. And finally we will continue to bet on NATO’s strength to defend Europe, amended with some protests about the need to promote European defense industries and the importance of a common security and defense policy.

This option has all the appearance of a desirable normality. It is in reality extremely risky and therefore dangerous. The difficulty of this scenario is that it is the most unpopular among citizens and is the most uncertain in its practical effectiveness – whether it is a return to growth or the defense of European interests under US leadership. The Organization for Economic Co-operation and Development (OECD) indeed has continued to revise downward its growth forecasts for the Eurozone in 2019; while Donald Trump is attacking European interests

head-on through his policy of sanctions and confrontation with Iran. However, the real difficulty in this scenario rests on its unpopularity: if the Union continues with an economic policy in which the middle classes feel they are paying the price for the sole benefit of the market, it risks being overwhelmingly rejected by the voters, not in 2019, but in 2023. This risks returning very quickly to the previous scenario of the EU's disappearance.

At the other extreme is the scenario of a significant revival of European integration. The Eurozone, regardless of the number of its members, becomes an integrated economic and monetary area, with its own institutions and budgets, and if not a common fiscal and social policy, then at least a great deal of convergence. This will be backed up with a common foreign and defense policy. An increasingly larger circle of countries gravitates around this hard core with or without joining it – but this European Union has become a global, political player, recognized and listened to on the international stage and in the major forums which negotiate the globalization of the second half of the 21st century. Is this a utopia? Undoubtedly, if you expect this Union to be born naturally out of the present state of chaos! But less so, if you prepare for such possibilities over the next 20 or 30 years, by serious reform of the current European model.

*This is the fourth difficult, yet desirable and possible scenario. European reform is based on the lessons described previously. In ten years, the Europeans will have agreed to combine a certain level of economic and budgetary rigor with major programs to revive consumption and collective investment. From now on, they will reserve a significant share of the Community budget for social policies to redistribute the wealth produced: an unemployment fund, a fund for retraining, and vocational training for adults to help employees who are victims of the upheavals of globalization. Given the popularity of such EU social policy, far-right movements become powerless minorities again. Some Central and Eastern European countries, which were turning to authoritarianism, had their membership rights suspended and the penalties have paid off since they have gradually returned to respect the rule of law. Corporate taxation has been harmonized at an average rate, including in a *de facto* reunified Ireland, in the EU after Brexit. Trade agreements have been signed with the United Kingdom, which is still recovering from its Brexit disaster, but which has nevertheless agreed that the EU should sign a privileged partnership with Scotland. Finally, without renouncing their strategic ties with Washington, which will consist of a bilateral alliance between the EU and the United States, Europeans have expanded their*

strategic sovereignty with the development of an external intervention force and the definition of a real common foreign policy on the Middle East and conflicts in Africa.

In ten years, the European project will likely find itself somewhere between these four scenarios. France should be able to continue to play a major role in the dynamics which will predominate, just like Germany. Whether Paris and Berlin move forward together is not a given, but nor is it impossible. The challenge is that they do so for the better.



Keywords

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