

STRATEGIC OPTION 1: **GOING BACK TO THE BASICS** (undoing the ‘mistakes’ of the past)

The basic rationale

Supporters of this option insist that the events of recent years have shown that European integration has gone too far; that the euro has become part of the problem rather than part of the solution, poisoning national debates and public attitudes towards the EU; and that the EU should abandon moves towards “ever closer union”. Performing a U-turn and undoing past mistakes is the most promising way forward to rescue the most worthwhile result of integration, which is not the euro but the EU’s Single Market of more than 500 million consumers. Dismantling the euro in its current form would not lead to the collapse of the Union, but rather herald the start of a more pragmatic, effective approach to European integration.

Key potential measures under this option

- > Undo the ‘euro mistake’ in an orderly and consensual way by either abolishing it, creating two separate currency areas, or allowing some ‘weaker’ countries to leave.
- > Carry out an objective review of the EU’s powers to identify where cooperation at European level provides real added value and where it does not, leading to a focus on certain key policy areas and the re-nationalisation of others.
- > Limit the role of the European Parliament and European Commission, and enhance the role of national governments and national parliaments in European policy-making.
- > Complete the Single Market by filling in the gaps and updating it for a digital world.

Main advantages and disadvantages

Meeting the socio-economic challenges:

- + Champions of this approach argue it would be the most effective way to deal with threats to social peace and the widening economic gap within the EU by giving Member States a freer hand to tackle the crisis in the way that best suits their circumstances; this would also help to ease tensions between weaker and stronger countries.
- Opponents say abolishing or scaling back the euro would not solve but rather increase Europe’s economic and social problems, the costs of ‘undoing’ it would far outweigh the benefits both at European and national level, and it could have strong negative impact on other policy areas, including the Single Market.

Meeting the political-institutional challenges:

- + Advocates of this option argue that most people are not ready for more integration, and public acceptance of the EU would increase if it concentrated on its ‘core business’ – i.e. on the Single Market, whose benefits are widely acknowledged.

- Opponents say ‘less Europe’ would undermine the EU’s legitimacy and intensify the crisis of political leadership. Most citizens still support the euro and failing to rescue it would undermine trust in political elites and their ability to master the complex challenges of today’s world.

Meeting the societal challenges:

- + Supporters of this option argue that undoing past mistakes, including the euro, would remove some of the biggest bones of contention between Member States; abandoning the quest for “ever closer union” would end fruitless discussions about the EU’s final destination; and focusing on ‘core business’ would make it easier for people to understand what the EU is and how it works.
- Opponents say it is highly questionable whether dismantling the euro would help tackle the societal challenges facing Europe because it would have major financial and economic implications and serious negative political spill-over effects, increasing friction within and between Member States. Also, ‘renationalising’ powers would weaken countries’ ability to respond effectively to today’s and future complex challenges at a time of increasing regional and global interdependence.

Meeting the external-global challenges:

- + Supporters argue that this option would repair the damage to the EU’s international standing caused by the crisis, and that focusing on the Single Market is the best way to revive the economy and thus increase Europe’s international ‘clout’. Instead of concentrating energies on vain attempts to rescue the euro and deepen integration, the EU could focus more attention on strengthening its capabilities to make it a more attractive partner for other countries and regions.
- Opponents insist that failing to ‘save’ the euro would undermine Europe’s economic clout and international credibility, reduce Member States’ willingness to cooperate in a wide range of areas, and foster a political ‘blame game’ that could fuel unconstructive competition between governments on key foreign policy issues.