

## STRATEGIC OPTION 2: **CONSOLIDATING PAST ACHIEVEMENTS**

(if it ain't broke, don't fix it)

### ***The basic rationale***

Supporters of this option argue that the EU has introduced most of the reforms needed to overcome the euro crisis and these should be given time to work, with attention focusing now on putting the remaining pieces of the jigsaw puzzle in place. There is a need to be realistic and accept that Member States are not willing or able to go further and pool sovereignty in key areas such as taxation, the budget or social and labour policy, and the EU should, at this difficult moment, steer clear of overambitious attempts to deepen integration which could backfire given negative political and public attitudes in many countries towards the EU and euro. Ultimately, a revival of public support for the EU and euro will depend above all on whether they will be able to deliver, especially in terms of measures to boost growth and employment.

### ***Key potential measures under this option***

#### **• To tackle outstanding issues relating to Economic and Monetary Union:**

- > More innovative and flexible use of EU structural, cohesion and regional funds and a comprehensive strategy for growth and jobs.
- > A limited extension of economic coordination through 'reform contracts' between Member States and the European Commission, coupled with a limited financial solidarity fund to support targeted national reforms.
- > Full implementation of the new fiscal rules that have been agreed, but no additional rules or enforcement mechanisms.
- > A minimal banking union, including European Central Bank supervision of all major banks and a banking resolution mechanism relying heavily on existing national regulators.
- > Intensified tax cooperation focused on fighting tax evasion and fraud.

#### **• To strengthen the EU's institutional setting and its democratic legitimacy:**

- > A bigger role for the European Parliament in the governance of the euro zone.
- > Greater involvement of national parliaments in EU policy-making.
- > A stronger role for euro countries in framing and deciding policy by strengthening the Eurogroup of finance ministers, holding Euro Summits, etc.
- > Gradual improvements in the functioning of the European External Action Service.

### ***Main advantages and disadvantages***

#### ***Meeting the socio-economic challenges:***

- +** Supporters of this option argue that while the EU may not be completely out of the crisis woods yet, efforts at European and national level are bearing fruit, and will help to counter threats to social peace and the widening economic gap within the EU. Ultimate success in overcoming the crisis now depends mostly on individual Member States' ability and willingness to continue putting their own houses in order.

- Opponents argue that a reactive and minimalist approach will be insufficient to address Europe's economic and social problems because the situation on the ground remains very volatile and difficult, more needs to be done to address the root causes of the crisis, a reluctance to overcome EMU's remaining structural deficits could undermine confidence once again, and continuing hardship could boost anti-EU/euro sentiment.

***Meeting the political-institutional challenges:***

- + Advocates of this option say public support for the EU will increase as the threat of a euro meltdown subsides and as the economy recovers, and focusing on effective policies to deliver concrete results will do more to boost the EU's legitimacy than attempting overambitious and risky institutional reforms.
- Opponents argue that without more radical reforms to enhance democratic legitimacy and accountability, the public may not accept more financial, fiscal and economic coordination at EU level. The growing perception that citizens cannot influence the Union's complex decision-making machinery also needs to be addressed, as do the limits on the EU's capacity to deliver effective responses to key challenges.

***Meeting the societal challenges:***

- + Supporters of this option argue that once Europe emerges from the crisis, there is a good chance Member States will overcome their divisions and citizens will recognise how interdependent their countries are and how powerless individual countries are to tackle most issues alone in a globalised world. Thus, recent events could prove to be a unifying moment in EU history and a source of collective identity, strengthening the perception that there is no viable alternative to European integration.
- Opponents question this assumption, especially if the crisis drags on for years as might happen if Member States take a cautious, reactive approach. The crisis has already widened old cracks and opened new wounds which will take time to heal, and the seeds of division sowed since 2010 risk eroding the very foundations of EU integration. Thus, there is a need now for a thorough and honest transnational public debate about the crisis and the future of the EU.

***Meeting the external-global challenges:***

- + Advocates of this option say the EU should concentrate all its political energy on restoring confidence in the euro, and thus in the Union, as the best way to avoid gradual marginalisation on the international stage. The positive experience of mastering the crisis through more centralisation could eventually have a knock-on effect in areas such as foreign and defence policy.
- Opponents say continued 'navel-gazing', focusing solely on tackling the crisis, would be a mistake: there are other challenges that merit equal attention if the EU wants to avoid further marginalisation, such as the need to enhance foreign and security policy cooperation.