

ANNEX 3: OVERVIEW OF THE STRATEGIC OPTIONS' BASIC RATIONALE

<p>GOING BACK TO THE BASICS</p>	<p>CONSOLIDATING PAST ACHIEVEMENTS</p>	<p>MOVING AHEAD AMBITIOUSLY</p>
<ul style="list-style-type: none"> • European integration gone too far; need to abandon path towards an “ever closer union”. • Acknowledge that EU will and should never become an economic and political union. • Performing ‘U-turn’ & undoing mistakes and misguided developments of past is most promising way forward. • National governments & parliaments are key sources of legitimacy. • Citizens/elites not willing to surrender national identity & prerogatives for diffuse/artificial European identity. • Euro system does not work: euro has become ‘part of problem’ not ‘part of solution’. • ‘GEMU’ aspiration is wide of the mark. • Dismantling of euro area & concentration on Single Market does not mean EU breakdown, but basis for more pragmatic & promising restart. 	<ul style="list-style-type: none"> • Focus attention on what needed to overcome immediate crisis. • Concentrate on measures aiming to further strengthen confidence in euro & revive Europe’s economy. • Steer clear of overambitious attempts to deepen integration to avoid potential overstretch. • Strong indications that worst of crisis is behind us, although still considerable work to be done. • Need to be realistic & accept that Member States (MS) not willing/able to make major qualitative leap & further pool sovereignty in key areas (e.g. taxation, budget, social & labour policy). • Return of public legitimacy will derive from ‘output legitimacy’ concentrate on delivery. • No major reform of EU competencies or institutional structure, which requires profound treaty reform. • Overambitious reform attempts could backfire given the negative mood in many MS. 	<ul style="list-style-type: none"> • Crisis is not over; EU/MS need to be more ambitious. • Future integration steps and transnational debate about EU’s future indispensable for overcoming immediate crisis & preparing for future challenges. • Need to follow step-by-step approach to avoid creating new dividing lines in EU28. • Reforms must go beyond lowest common denominator, even if this necessitates more substantial changes involving treaty change. • But: no fully-fledged economic & political union at least at this stage. • Further strengthening of supranational institutions, but also adequate role of national governments & parliaments. • Need for thorough/honest public debate about actual causes & adequate responses to crisis and about future direction of integration process. • Multiple speeds likely to increase; but: need to avoid creation of permanent ‘multi-tier Europe’.

<p>LEAPING FORWARD TO ECONOMIC AND POLITICAL UNION</p>	<p>CHANGING THE MORE/LESS EUROPE' LOGIC</p>
<ul style="list-style-type: none"> • Experience of last years proven necessity to make major qualitative leap towards fully-fledged economic and political Union (EPU). • EPU with strong executive ('European government') & parliament able to take autonomous decisions based on genuine European interests & political preferences indicated by results of European elections. • Overcome contradiction between 'post-national currency' & defence of national interests. • No EU country able to set/ influence global agenda & defend interests on their own. • Move towards European supranational democratic political structures with strong discretionary powers including substantial central budget based on own tax resources. • Substantial pooling of competences in key areas; need for 'European economic government'. • 'Willing & able' should make major leap towards EPU, even if this leads to a 'core Europe'/'new Union'. 	<ul style="list-style-type: none"> • Traditional approach along the lines of 'more Europe' vs. 'less Europe' exhausted. • Need for more fundamental rethink of European cooperation & longer-term approach aimed at making EU policy-making more accountable & inclusive. • But: need to go beyond simplistic & unrealistic attempts to apply national political & democratic concepts at EU level. • Need to re-engage & mobilise citizens by strengthening existing & identifying new avenues to close legitimacy gap. • EU should (i) increase accountability of EU governance by offering mechanisms to provide input & feedback; (ii) make it easier for citizens to influence & actively contribute to EU policy making; (iii) deliver long-term policy solutions to challenges; (iv) enhance EU's capacity to act as a 'watchdog' in safeguarding & promoting political standards and fundamental rights/freedoms; (v) strengthen EU's caring dimension so that it is more able to guarantee basic social rights & support citizens in MS particularly overwhelmed by consequences of economic & social pressures.