## Annex 3: Overview of the Strategic Options’ Basic Rationale

### Going Back to the Basics
- 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.

### Consolidating Past Achievements
- 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.

### Moving Ahead Ambitiously
- 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’.

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Leaping Forward to Economic and Political Union

- 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’.

Changing the More/Less Europe Logic

- 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.