



The EU will become less monolithic

by Charles Grant

The people running the EU have always wanted it to be uniform. True, Britain and Denmark were granted opt-outs from the euro, judicial co-operation and some other areas. But the orthodoxy in Brussels, Berlin and Paris has been that most member-states are committed to the same aims and ambitions, even if some are progressing towards them more quickly than others. Thus Commission President Jean-Claude Juncker said in his State of the Union speech on September 13th that every member-state (bar those with opt-outs) should join the euro, the banking union and the Schengen area.

But as the EU navigates the challenges of Brexit, migrant flows, a still-problematic eurozone and a hostile neighbourhood, it will need to become more flexible in order to flourish. To his credit, David Cameron got the point. When he renegotiated the terms of Britain's membership, he won an opt-out from the treaty commitment to "ever closer union", plus wording that the treaties should not "compel all member-states to aim for a common destination". The European Commission disliked that language and, together with the French and German governments, prevented Cameron from pushing further in this direction. In any case, the words agreed in February 2016 had no legal standing after the British referendum.

Nevertheless Britain's vote to leave has helped some policy-makers to recognise that in an EU of 27 members with very different objectives,

not everybody will be comfortable signing up to everything. Indeed, some projects – such as common defence – may work better with a smaller number of more committed countries involved.

If governments gained the freedom to opt in or out of certain policies, on a permanent basis, it would weaken the eurosceptic narrative that the EU is an all-powerful juggernaut intent on imposing a uniform model of integration onto an entire continent. Even a federalist government like that of Italy is sympathetic to extending the ideas that Cameron promoted.

President Emmanuel Macron wants a more flexible EU. He told his ambassadors on August 29th that they "should contemplate a Europe based on several formats, go further with all those who want to move forward, without being held back by the states that want – and

that is their right – to advance slowly or not as far.” He added that the EU needed to escape a “constricted framework in which we would have to move forward ... with the agreement of 27 states, or do nothing, or with the agreement of 19, or do nothing.”

Macron’s arrival may well herald a less uniform EU. Together with Angela Merkel, who is set to win Germany’s imminent general election, Macron plans to push ahead with eurozone integration. The eurozone will become more distinct from the rest of the EU, with its own institutions. Joining the euro will become an even more demanding undertaking than it is already. Sooner or later most EU leaders will recognise that some member-states are ill-suited to euro membership and that others – such as Sweden and Poland – will just not want to join.

Two other related factors may encourage the EU to become more flexible. One is that EU enlargement has virtually ground to a halt. The last country to join was Croatia, in 2013. The next one, perhaps Serbia or Montenegro, will be lucky to get in by 2025, if ever. Enlargement has stopped because in many EU countries voters do not want to see new entrants. The halting of enlargement has undermined EU influence in the Balkans – where Russia and Turkey are gaining ground – and in Eastern Europe.

The second factor is that the EU’s neighbourhood policy has largely failed. It was supposed to create a ‘ring of friends’ around the EU, persuading neighbours to reform their economies and political systems by offering trade, aid, freer movement and stronger political ties. But the EU offered too little to motivate most of these countries to reform – with a few exceptions like Georgia and Tunisia. Many southern and eastern neighbours have turned their backs on the EU rather than become its friends.

The way forward for the EU’s enlargement and neighbourhood policies is to invent new forms of partial membership. A dozen years ago, Merkel talked of offering Turkey a kind of half-membership called ‘privileged partnership’. The concept should be revisited. Voters in EU countries would be less hostile to enlargement if the candidates concerned joined only certain policies – perhaps excluding, for example, free movement. And if countries such as Morocco or Ukraine became eligible for partial EU membership, Brussels’ gravitational influence in its neighbourhood would grow.

The EU will be very careful about preserving its legal order. Non-members that wanted to

participate in the EU’s defence or trade policies, or aspects of the single market, would have to accept its rules and the jurisdiction of its courts. Full EU membership would have to entail a commitment to common trade, single market, environmental and foreign policies. But members could be allowed to opt out in other areas, such as judicial co-operation, intelligence-sharing, corporate taxation or the euro.

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This variegation would have implications for budgets and accountability – which is why Macron has asked for the eurozone to have its own budget and parliament. And countries left outside avant-garde groups will demand safeguards. Poland and other Central European states fear that in a multi-track Europe they will be treated as second-class.

Andrzej Duda, the Polish President, warned at Krynica on September 5th that “if EU membership became less attractive for countries that are thrown out of the first decision-making circle, then this moment ... will be the actual beginning of the end of the union.” He continued: “Sooner or later the societies of states that today view the EU positively ... will feel rejected and support for the EU will decline, [leading to] further Brexits.”

So proponents of flexibility need to emphasise that avant-gardes will not exclude any member wishing to join that meets objective criteria. And smaller groups should be transparent about what they do, to ensure that a differentiated EU does not become a fragmented Union.

In the long run the EU is likely to become more flexible. This could have big implications for Britain, as well as others on the outside such as Norway and Switzerland. At the moment the chances of post-Brexit Britain wanting to rejoin as a full member seem minimal. But once they have experienced the chill winds of solitude, the British may wish to join an outer tier of the EU.

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An earlier version of this article appeared in the New Statesman. The ideas are developed further in a forthcoming CER report, ‘The EU rescue project’.