



European Economic and Social Committee

'Non-Europe': Counting the cost of stalled European integration

"Contrary to the populist ideas being voiced in certain political quarters in numerous EU countries, current economic problems are not related to excesses by eurocrats in Brussels, but to the fact that European integration is fundamentally incomplete."

Georgios Dassis, rapporteur, EESC opinion on the 'Cost of non-Europe'

Introduction

Amid the debate about how to resolve the crisis besetting the European Union and the eurozone, with some alarmist voices warning of the collapse of the entire European project, few commentators stop to ask themselves where Europeans would be today without the EU – if they were living in 27 different, competing countries with 27 sets of standards and policies.

What criteria are available to show that Europeans are better off as a result of the benefits the EU has already brought, and that closer European integration is the soundest and most viable solution? How can the cost of 'non-Europe', now and in the future, be measured?

In recent years, the European Economic and Social Committee has actively addressed these questions, urging the European institutions to make a robust assessment based not just on economic factors, but on a broad analysis of people's well-being across Europe.

European Union policy

In 1988, the Italian economist Paolo Cecchini carried out a study for the European Commission on the cost of non-Europe in relation to the single market, concluding that the removal of trade barriers would boost GDP by 4.5-7% and create 2 to 5 million jobs. It played a decisive role in the implementation of economic and monetary union.

Now, almost a quarter of a century later, the cost of a half-completed integration project is back on the agenda not only because it is important in mapping a way out of the financial crisis, but also because it is crucial to the Europe 2020 strategy for growth and jobs and agreement on the EU's new multiannual budget for 2014-2020.

In December 2010, the European Parliament decided to carry out an exhaustive new study. The report is being prepared by a consortium led by the London School of Economics. The Commission too is planning an ambitious research project. The results of these analyses will underpin the drafting of the forthcoming Single Market Act II.

"In spite of some outstanding successes and an ever-widening influence, the European Union continues to doubt itself and to cause others to doubt it."

Henri Malosse, President, Subcommittee on the cost of non-Europe

The European Economic and Social Committee's position

The EESC believes the EU holds the key to economic recovery, and is urging European leaders to restore confidence in Europe through closer political and economic integration and solidarity. In its new opinion, 'Towards an updated study of the cost of non-Europe', the Committee calls for an EU assessment that goes beyond the single market, to evaluate the full price of not completing economic and monetary union. "These costs are already extremely high and could grow even more if nothing is done," says the EESC. It urges a different approach to the question, examining how further integration can maximise the benefits for citizens in a range of different fields, and can help Europe to meet the challenges of globalisation.

According to the EESC, the added value of European unity cannot be reflected merely in financial statistics. Actions and expenditure at EU level should bring not only better value for money, but also greater benefits for society than efforts at national level. The European dimension can make more effective use of Member States' assets and contribute to lower overall costs by pooling resources and achieving economies of scale, providing services that countries or regions would not be able to offer by themselves.

In a 2010 opinion on the 'Community Method' of governance, the EESC drew attention to further positive characteristics of European integration, including an open and democratic policy debate involving civil society, and effective monitoring of decisions.

Savings across the board

The new opinion highlights a whole range of areas where the absence of real economic and political union and shared costs is wasting money and preventing Europe from developing as a global competitor. These include defence, diplomacy, customs, border security, civil protection, combating fraud and organised crime, energy, environmental protection, research and development, social policy and taxation. "Cutting costs in all of these spheres ... is purely a question of political will."

Taking energy supply as just one example, creating an EU grid capable of exploiting natural power sources such as wind and wave energy in the UK and solar power in Spain could cut European consumers' bills by €110 billion by 2020.

Member States' defence spending amounted to nearly €200 billion in 2010, and yet in the view of experts, capacity remained "fragmented and generally ineffective". Genuine cooperation could bring savings of up to €13 billion.

As for social policy, the EESC insists that greater convergence is needed "to ensure that worsening social imbalances and the general increase in poverty do not end up becoming serious obstacles to significant, balanced and sustainable economic growth."

A response to austerity

As it is, divisions are deepening as a result of the current pressure on some Member States to cut their debt – often through tough austerity measures. "How can this be done without jeopardising the growth which the financial markets are calling for?" asks the EESC. To avoid a "downward spiral" towards poverty and destitution, the EU needs to pool further spending at European level, and pursue more ambitious policies.

"This would enable the EU to create a virtuous circle of growth, construct an economic, industrial and technological identity that will hold fast in the context of globalisation, and to defend our social model, which has to a large extent made Europe what it is today."

The EESC calls on the Commission to factor the cost of non-Europe in all sectors, and its impact on employment and growth, into the Europe 2020 strategy, with evidence-based data, an action plan and calculated objectives for reducing pointless expenditure, and procedures for systematic evaluation of progress.

Now is not the moment to talk about the demise of Europe, because the Union is still a work in progress, with vast untapped potential. German Chancellor Angela Merkel has spoken of greater solidarity in compensation for reduced national sovereignty. EU Member States are at a crossroads, and the time has come to take a courageous decision to complete the European integration project.

Further information

European Economic and Social Committee:
<http://www.eesc.europa.eu>

***"Decision-makers, please act. The public wants peace and dignity.
Harness the huge potential of 500 million Europeans. You do not have the right to let them down."***

Henri Malosse