Future Scenarios of the European Union 🆓

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Summary and Keywords

Debate on the future of the European Union (EU) never abates because the Union is a polity characterized by considerable change in its internal and external environment. Scenarios are an important tool in mapping possible futures for the Union as they bring underlying trends into focus. Four scenarios on the future of the EU are presented: disintegration, piecemeal adjustment, functional federalism, and a United States of Europe. The political and policy battle concerning the future of the Union is between scenario piecemeal adjustment, the dominant response to the crisis and to events on Europe's borders, and functional federalism, defined as more integration but in defined fields. Piecemeal adjustment represents a Union that muddles through, incremental reform, whereas functional federalism represents a Union that garners sufficient political capacity to be more strategic in particular functional areas. Systemic disintegration is regarded as unlikely, but partial disintegration may occur because of the exit of the United Kingdom, challenges to a number of EU regimes, and the threats to the Union's normative order from some member states. A united states of Europe, is highly unlikely as the member states are not in favor of transforming the Union into a state-like federation. The degree of contestation about the future of the EU precludes a transformation of the system at this juncture. Three intervening factors will have a major impact on the future of the EU: the profound changes in the global environment, turbulent politics in the member states, and the Franco-German relationship as a source of leadership in the Union.

Keywords: European Union, scenarios, disintegration, federalism, turbulent politics, global environment, European Union politics

Debate and discussion on the future of the European Union (EU) never abates because the EU is not a stable polity and is always in the process of becoming, captured by the idea that European integration is *A Journey to an Unknown Destination* (Schonfeld, 1973).[1] The Union, which is very tangible in daily life because of the Eurozone crisis, the refugee crisis, and Brexit, looms ever larger in the lives of Europeans. Moreover, Europe finds itself in a far more turbulent international system and neighborhood following the election of President Trump (2016) and the transformation of the Arab Spring from a time of hope to a time of turmoil with failed or failing states emerging on Europe's southern flank. Russia under President Putin continues to be a disruptive state intent on undermining the stability and continuity of the EU. There is sufficient evidence to conclude that

President Putin actively supports anti-EU forces in the member states. Approaching the third decade of the 21st century, the Union finds itself facing a complex internal and external environment.

Following the Brexit referendum of June 23, 2016, the EU immediately moved to project and reinforce its presence in Europe's institutional, political, and economic landscape. Less than a week following the ballot, the heads of state and government (HOSG) met informally to begin a process of reflection on the future of the Union. The core EU27 narrative was that the Union would remain united and would use the EU framework, their "common framework" according to the statement, to address the challenges of the 21st century (European Council Informal, 2016). Brexit was perceived as an existential threat, a threat that the other member states were determined to overcome. The loss of a member state went to the core of what the EU was, and its members were determined to protect the polity. It was not just about process and policy but about the future of the Union, understood by its member states as a shared polity, their common framework.

Four Scenarios on the Future of the EU

Given the impossibility of predicting with any accuracy the future of the Union, and given the conflicts and struggles that it faces, this article presents several scenarios in order to underline the different considerations and pressures that have a bearing on the future of the European Union. The Commission in a 2017 White Paper on the Future of Europe offered five scenarios: Carrying On, Nothing but the Single Market, Those Who Want More Do More, Doing Less More Efficiently, and Doing Much More Together (EU Commission, 2017). The Commission scenarios represent three possible directions for the Union. The "Carrying On" scenario represents the continuation of the status quo with incremental change. Two of the scenarios, "Nothing but the Single Market" and "Doing Less More Efficiently," point to retrenchment and a rolling back of ambition. The remaining two point to more Europe but with a crucial distinction between "Those Who Want More Do More" and "Doing Much More Together." The former envisages a Union whereby a subset of member states acts as an *avant-garde*, whereas the latter foresees a Union in which the member states move in unison in an ambitious direction. The objective of the Commission's White Paper was to offer the HOSG an overview of possibilities that fed into the Bratislava roadmap launched in September 2016.

Scenarios enable us to think about the future in a structured manner by providing a framework for addressing uncertainty and contingency. Uncertainty stems from tensions between the national and the European, between the EU and its wider global environment, between unity and deep diversity, and between different modes of political economy and levels of development. These tensions are exacerbated by profound changes in the domestic politics of the member states characterized by volatility, fragmentation, intergenerational conflict, and new cleavages. The disruption of national political and social identities has not led to stable transnational identities that could underpin political agency and supranational level decision-making. Identities, political agency, and centers

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of decision-making are no longer contained in bounded territories such as the nation state but have broken open and scattered. The EU represents a robust arena for multilevel governance but has much weaker multilevel politics. The future of the Union is bound-up with turbulent politics at domestic and global levels and the disruptive power of new technologies.

Four scenarios on the future of the EU are presented: disintegration, piecemeal adjustment, functional federalism, and a United States of Europe. The scenarios are presented as a two-by-two matrix (Figure 1) with the vertical line representing "more" or "less" Europe and the horizontal line representing "transformation" and "adaptation." It is argued that although systemic disintegration is unlikely, partial disintegration may occur because of the exit of the United Kingdom, challenges to a number of EU regimes, and the threats to the Union's normative order from some member states. The political and policy battle concerning the future of the Union is between piecemeal adjustment (scenario 1), the dominant response to the crisis and to events on Europe's borders, and functional federalism (scenario 3), defined as more integration but in defined fields. Scenario 2 is a Union that muddles through or what has been analyzed and defined as "failing forward" in a sequential process of crisis followed by policy reform leading to deeper integration but on the basis of the lowest common denominator, which in turn generates the conditions for the next policy challenge (Jones, Kelemen, & Meurnier, 2015). Scenario 3 represents a Union that garners sufficient political and policy capacity to address the collective challenges facing the EU. To put it another way, the question is what combination of incremental change and central capacity building will characterize the Union of the future? Scenario 4, a United States of Europe, is highly unlikely as the member states are not in favor of further federation, and the degree of contestation about the future of the EU precludes a transformation of the system. There is deep resistance to reopening the treaties.

Scenario 1: Disintegration

In the past, scholars of European integration have focused attention on how and why the European Union and European integration developed. Little consideration was given in the theoretical literature to processes of disintegration. Following the collapse of communism and the end of the Cold War, the realist scholar John Mearsheimer predicted a return to the dark forces of nationalism in Europe and to heightened distrust among states. His portrayal of Europe, which materialized in the Balkans, was a Europe of hypernationalism and insecurity (Mearsheimer, 1990). The return of authoritarianism in Russia under Putin is a stark reminder that democratic transition is very demanding and remains contingent in many states on the Union's borders. The arrival of illiberal regimes in power in Hungary and Poland and the electoral performance of the radical right elsewhere in Europe tells us that Mearsheimer's warnings about resurgent nationalisms were not entirely inaccurate.
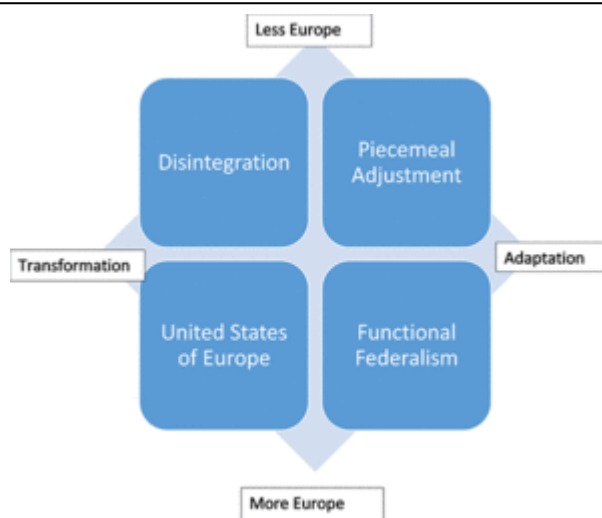
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Figure 1. Four scenarios on the future of the EU.

Source: Author's data.

In the post–Cold War era, the EU became a powerful source of stability as it prepared to become continental in size. The success of the "big bang" enlargement in May 2004 was, and remains, a major achievement for the Union. With the outbreak of the global financial crisis, which morphed into a major crisis in the euro area, the EU has experienced a series of crises that have tested its resilience to the limits (Laffan, 2016). Scholars have responded to Europe's multiple crises by paying increasing attention to the prospects of an EU collapse, and disintegration was identified as "a clear and present danger" (Krastev, 2012; Vollaard, 2018; Wright, 2012). There is no doubt that there have been times since 2010 when the exit of a euro area member state was highly plausible and the collapse of the euro itself not inconceivable. In a comparative analysis of four EU crises—Eurozone, refugees, Ukraine, and Brexit—Webber (2018) argued that the political disintegration of the Union is possible unless it develops a stronger leadership capacity. He identified the role of Germany as a crucial factor, arguing that Germany's role as a stabilizing force in the Union can no longer be taken for granted.

The euro area crisis engendered a more sustained discussion about the prospect of the collapse of the single currency and the EU more generally than any previous episode in the history of the EU. The crisis in its early phase was labeled *The Euro's Existential Crisis* by Barry Eichengreen (2010), a view shared by numerous political actors in Europe. Speaking in May 2010, following the first Greek bailout, German Chancellor Angela Merkel claimed that "The current crisis facing the euro is the biggest test Europe has faced in decades. It is an existential test and it must be overcome . . . if the euro fails, then Europe fails" (Merkel, 2010). The then European Council president, Herman van Rompuy, agreed that Europe was "in the middle of a crisis which affects the material and symbolic heart of the European Union—the euro. An existential crisis and we mean to overcome it" (Van Rompuy, 2011). Europe's political actors and institutions were determined to ensure that the euro survived. The president of the ECB, Mario Draghi, speaking at Lancaster House in the heart of the City of London in July 2012, boldly stated that

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"Within our mandate, the ECB is ready to do whatever it takes to preserve the euro," and, pausing for effect, he went on to say "And believe me, it will be enough" (Draghi, 2012). With those words, the ECB president ended the acute phase of the euro area crisis, notwithstanding the continuing problems in Greece, and brought the power of the ECB to bear in the financial markets.

How seriously should the prospect of disintegration be taken? In addressing this question, it is helpful to disaggregate the concept and to distinguish between disintegration as "fragmentation" and disintegration as "system failure." The prospect of further fragmentation within the EU has not diminished. In fact, it could be argued that the forces of fragmentation may be accelerating. The first source of fragmentation is the withdrawal of a member state from the Union. UK Prime Minister David Cameron's speech of January 2013 on the future of the EU and the United Kingdom's relationship with it triggered a period of deep uncertainty concerning EU–UK relations. The promise to hold an "in-out" referendum on membership raised the stakes, and on June 23, 2016, the UK electorate opted to leave. Since then the EU27 and the United Kingdom have been engaged in contentious and difficult negotiations on the terms of divorce. Having triggered the Article 50 procedure in March 2017, the United Kingdom was scheduled to leave the Union on the March 29, 2019. The inability of the United Kingdom to ratify the withdrawal agreement by that date led to an European Council agreed extension to October 31, 2019. The secession of a member state, particularly a large and significant one, is a form of fragmentation that the other member states deeply regret but are determined to survive. Brexit served to enhance the unity of the 27 when faced with this existential threat, whereas the refugee crisis had the opposite effect.

The 2015 refugee crisis exposed the limits and fragility of the Schengen and asylum (Dublin Regulation) regimes. Faced with the arrival of over a million refugees from the Syrian conflict, a number of member states began to build walls to reduce the flow of refugees through the Balkan corridor. In contrast, Chancellor Merkel suspended the provisions of the Dublin regulation and opened the German borders to a million refugees. In response to the pressure of uncontrolled flows, the Commission proposed a system of relocation and sharing across the member states, which was deeply resented and resisted by a number of countries in East Central Europe, particularly Hungary and Poland, but was regarded as the minimum necessary by the frontline states in the Mediterranean. Since the height of the crisis, the Union has been slowly putting in place a more coherent policy and strategy on migration. The pressures to do so are compelling, as migration remains salient in domestic politics and divisive across the member states.

Poland and Hungary are at the epicenter of another policy challenge, namely the rule of law and its systemic role in the EU. The EU's capacity to address an authoritarian turn in a member state was severely tested with the 2010 election of Victor Orbán and Fidesz in Hungary. Beginning in 2011, when the Fidesz government enacted controversial reforms of the constitutional court, there has been a systematic undermining of the checks and balances necessary to a functioning democracy. Since Fidesz came to power there has been a systematic process of undermining state institutions, strengthening the executive,

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and persistent attacks on civil society organizations, universities, and nongovernmental organizations. Speaking in 2014, Prime Minister Orbán, when outlining his vision of regime change, stated that "the new state that we are building is an illiberal state, a non-liberal state" (Orbán, 2014). Following the 2015 election of Law and Justice (PiS) in Poland, the Polish government embarked on a process of judicial reform intended to limit the independence of the judiciary and furthermore pursued a policy of undermining press freedom. Both governments are facing a range of legal challenges to their actions, but it is proving extremely challenging for the EU to bring recalcitrant states back within the values that underpin the Union.

The conclusion concerning this scenario is that that the EU does not face systemic disintegration over the medium term. It would require far more turbulence to cause the disintegration of the EU as a polity and system of public policymaking. The imminent departure of the United Kingdom, severe challenges in a number of policy regimes, and the threat to the rule of law point to fragmentation, if not systemic disintegration.

Scenario 2: Piecemeal Adjustment

The EU is capable of the major transformation, such as the single market program and the establishment of a single currency and the big bang enlargement of 2004, but may be characterized by incremental change or even gridlock in some policy areas and during some periods of its history. Achieving and maintaining sufficient consensus among 27/28 states is particularly challenging given Europe's deep diversity. The Union's response to Europe's crises, beginning with the euro area crisis, is best captured by "muddling through," an approach to decision-making developed by Charles Lindblom as an antidote to dominant rationalist approaches (Lindblom, 1959). Muddling through is characterized by incrementalism and satisficing rather than the search for comprehensive solutions. As the crisis gathered pace in the first half of 2010, the euro area lacked the policy instruments and toolkit to address the multiplicity and severity of the problems that were emerging. Nor was there a convergence of preferences across the member states on the nature of the problem or what should be done. In fact, there was a deep cleavage between the creditor and debtor states, with the latter finding themselves in a very vulnerable position. Led by Germany, crisis management and resolution was driven by the creditor countries, on the one hand, and the ECB, on the other. The debtor countries were *demandeurs* seeking salvation and support, whereas the creditor countries wanted to do the minimum necessary to sustain the euro. Public opinion in the creditor states did not support bailing out the troubled countries, and in turn the wave of austerity that swept across the southern countries and Ireland meant that incumbent governments paid a high price in crisis elections. An incremental response that bought time was the most palatable political approach to the crisis but one that was not designed to engender confidence in the markets or provide the optimal support to the debtor countries. Every time the crisis became acute, either for sovereigns or banks, the leading politicians of the euro area and the ECB acted. Crisis management involved rescue programs for vulnerable countries, known as program states, the development of a set of crisis management instruments, and a ratcheting up of regulations on economic governance. Following the in-

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tervention by ECB president Draghi in July 2012, the Union moved from a piecemeal approach to attempts at reform of the euro area to ensure that its foundations were more robust.

The migration crisis triggered a broadly similar "muddling through" dynamic at the outset. During 2015 some 2.2 million people crossed EU borders irregularly, and approximately 10,000 per day were making the journey from Turkey to Greece in October 2015 (European Council, 2018). Syria, Afghanistan, and Iraq accounted for the largest number of asylum seekers entering Europe in this period. The flows in summer 2015 created unprecedented pressures along the Balkan route, with tens of thousands of refugees seeking to get to the EU, particularly Germany. The numbers and the appearance of chaos put governments under acute pressure. Member states began to take unilateral action. The German chancellor effectively suspended the Dublin regulation in August 2015 and opened the German borders for a short period, but when pressures from the flows became acute, the border was closed, which had the domino effect of putting pressure on other states along the Balkan route. The Hungarian government decided to stop the flows by erecting fences along its borders. Acute stress led many member states to take unilateral action, thereby undermining the Common European Asylum System (CEAS).

The refugee and migration crisis was of such political salience that the European Council had to seize the issue and devote sustained attention to it from September 2015 onward. The aim of Europe's political leaders was to develop a comprehensive strategy to regain control over Europe's borders. The October 2015 European Council concluded: "Tackling the migration and refugee crisis is a common obligation which requires a comprehensive strategy and a determined effort over time in a spirit of solidarity and responsibility" (European Council, 2015, p. 1).

Consensus on the objective proved easier than agreement on policy and action. The Union's strategy had a number of interrelated strands, all of which proved contentious and controversial. The first element of the strategy was to externalize the pressure by reaching agreements with transit countries and engaging actively with the African Union. In 2016, the Union reached an accord with Turkey involving financial aid to stem the flow from Turkey to Greece. This was followed by an accord with Libya, which involved training the Libyan coast guard to make it more difficult for people smugglers. These two accords, which have been criticized on human rights grounds, proved successful, as the flows were reduced by 96% in 2016. There was less success with the search for reception facilities to process asylum seekers in Africa before the refugees and migrants got to Europe.

The second element of the strategy was burden sharing within the EU, which proved highly contentious and generated a deep cleavage between the countries of East Central Europe and the receiving states. In September 2015 at the height of the crisis, the Commission proposed and the Council decided on a temporary scheme to relocate 160,000 asylum seekers across the member states according to a predetermined distribution key. The plan was agreed without the consent of the four Visegrad states, who felt that on a

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major issue their opposition was not taken into account. Hungary and Slovakia contested the decision by bringing a case to the European Court of Justice (EUCJ) in November 2015, which was dismissed. The resettlement scheme did not reach its targets, and the Commission took infringement proceedings against Poland, the Czech Republic, and Hungary in June 2017. The EU is struggling to achieve agreement across the Union on a balance between rights and obligations on this issue.

The conclusion concerning this scenario is that piecemeal adjustment or muddling through is the favored strategy within the EU under certain conditions—notably, when the Union does not have the toolkit to address a problem and has to build it or when the problem it faces is complex and challenging and when the member states are deeply divided. When the EU fails to achieve even the lowest common denominator level of agreement, the most likely outcome is gridlock.

Scenario 3: Functional Federalism

Functional federalism represents a centralization of capacity or a strengthening of collective capacity but in limited fields. It is useful to distinguish between two variants of functional federalism: supranational and intergovernmental. The mix between these two matters as supranational actors are likely to be capable of much more decisive action in crises than intergovernmental ones. When the EU turned from crisis management to crisis prevention in relation to the euro area, the long-term stability and robustness of the currency zone received the most attention. The collective response was a mixture of supranational and intergovernmental functionalism. Banking Union represented the supranational variant, whereas the European Stability Mechanism (ESM) is closer to the intergovernmental variant. A focus on the long-term architecture of EMU going beyond economic governance began to surface on the agenda of the European Council in 2012. The European Council president at the time, Herman Van Rompuy, was mandated by the Council to prepare a time-bound roadmap for the creation of what has been termed a genuine economic and monetary union (GEMU), a euro mark 2. The Van Rompuy report, which was drafted in cooperation with the Presidents of the Commission, the ECB, and the Eurogroup, was submitted to the European Council in draft form in June 2012 and in final form in December 2012. The report was designed to set the agenda and frame the issues for the European Council, which had the power to agree a program of work and time frame for action. In other words, the presidents of the supranational institutions laid out what they considered desirable and the HOSG decided what they might agree to over what time frame.

The use of the term "genuine" in the title of the report was to underline the incompleteness of the original design and architecture. The Van Rompuy report (2012) identified four pillars or building blocks of a future EMU:

- An integrated financial framework (Banking Union)
- An integrated budgetary framework (Fiscal Integration)
- An integrated economic policy framework (Economic Policy Coordination)

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- Assurance of the necessary democratic legitimacy and accountability of decision-making within the EMU, based on the joint exercise of sovereignty for common policies and solidarity

The final report set out a time frame and proposed sequencing for the building of the four pillars. The immediate task was identified as ensuring fiscal sustainability and breaking the link between sovereigns and banks, to be achieved in 2012–2013. This placed Banking Union as the key priority agenda item in the redesign of the euro area. Following intensive and difficult negotiations on bank supervision and resolution, the ECB took over responsibility for the supervision of Europe's banking system in November 2014. This represented a further strengthening of the power of the ECB and its place in the Union's institutional landscape because Banking Union is the most significant centralization of power since the establishment of the single currency. The highly technical nature of Banking Union should not disguise its central importance in enhancing EU-level powers and central capacity. Banking Union is incomplete, as agreement has not been finalized on a European Deposit Insurance Scheme (EDIS).

Going beyond Banking Union to further fiscal integration and economic policy coordination was a major challenge for the member states as it would bring the Union even further into core state functions. On the other hand, the status quo in the euro area does not appear sustainable because of the deep economic problems, including very high rates of youth unemployment in a number of states (over 50% in Greece and Spain even in early 2015). Further work on the future of the euro area was contained in the President Juncker–led report of the Five Presidents, *Completing Europe's Economic and Monetary Union* (European Commission, 2015). The two major reports on the future of the euro are evidence that there is an emerging consensus on what needs to be done at an institutional level within the Union, but major divisions on issues such as debt mutualization, a common resolution mechanism, and the development of a euro area fiscal capacity remain among the member states. The election of Emmanuel Macron in France in 2017 provided an additional impetus for change in the euro area. President Macron's most ambitious plans failed to overcome German resistance, but he managed to convince Chancellor Merkel that the euro area should have a dedicated budget. The conclusions of the euro area summit provided a mandate to the "Eurogroup to work on the design, modalities of implementation and timing of a budgetary instrument for convergence and competitiveness for the euro area" (Euro Summit, 2018, p. 1). This is the first time the Council agreed to the creation of a common pot for the single currency. It represents a negotiating success for President Macron because he had to overcome considerable German hesitancy. The common pot is not, however, an automatic stabilization mechanism. What is happening in the euro area is best classified as a form of functional federalism. In other words, the euro area is creating centralized institutions and policy capacity in limited functional areas rather than transformation into a federal state.

A second field where the outline of a functional federal capacity is emerging relates to border control. Frontex, the EU Border and Coast Guard Agency, established in 2004 to assist with border control, is widening its remit and garnering additional resources. It

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could well be the next functional federal body following the creation of the ECB. The transformation of Frontex will be a process that is incrementally transformative. It is likely that Frontex will morph into a supranational variant of functional federalism. Based in Warsaw, Frontex has a staff of just over 500 and relies on the member states for border guards, vessels, and aircraft, and but its coordinating capacity is increasingly visible in maritime operations in the Mediterranean and land operations in the Balkans. The continuing pressure of migration on the EU's borders and the commitment to have no border controls within the Schengen area point to a strengthening of the Union's external borders. The remit of Frontex has widened beyond coordination, risk assessment, and training to enhance operational capacity on the ground. Frontex has featured prominently in the Commission's proposals for the financial framework for 2021–2027. The aim is to provide Frontex with 10,000 EU border guards and their own equipment so that their operational capacity is enhanced. If this is agreed, Frontex will be transformed from a coordination agency to an operational one. Given the sensitivity of border control and its relationship to member state sovereignty, the member states are torn between their desire to retain sovereignty and the pressing need to bring illegal migration under control. The rise of populism across Europe has demanded a response from the traditional political parties.

The conclusion for this scenario is that the EU is developing and will continue to develop centralized capacity in limited functional areas under the pressure of policy challenges that the member states cannot address on their own. Because these areas are core state powers, the development of centralized capacity is painstaking and subject to considerable controversy.

Scenario 4: A United States of Europe

Jacques Delors was the first European politician to use the term Federation of Nation States in the 1990s. It was deliberately ambiguous and an attempt to square the circle by emphasizing the collective, the federation, but also the nation states, the parts. The descriptor was intended to convey the message that a European federation could be reconciled with the member states as nation states. The term federation would not necessarily need to be a federal state. Rather it could be a polity, a compound political system without declaring itself a state. Joschka Fischer, in his Humboldt speech of May 12, 2000, entitled "From Confederacy To Federation—Thoughts on the Finality of European Integration," launched an intense debate among Europe's political leaders on the future of the European Union. The debate led to the Convention on the Future of Europe but died with the failed ratification of the Constitutional Treaty. Fischer advocated the establishment of a European federation and a full parliamentarization of the system but warned that "Only if European integration takes the nation-states along with it into such a Federation, only if their institutions are not devalued or even made to disappear, will such a project, in spite of all the difficulties, be workable" (Fischer, 2000, p. 5). Fischer and Delors understood the challenge of federating deeply rooted historical nation states.

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In his 2012 State of the Union address, Commission President Barroso re-introduced the concept of a federation of nation states and argued in its favor. The core of Barroso's argument was that the EU needed to evolve if it was to create a genuine EMU, a political union, and a coherent foreign and defense policy, and that it could only achieve this ambitious agenda if it also evolved into a more robust form of political order. The focus was on a further sharing of sovereignty and a Union that "was with the Member States not against the Member States" (Barroso, 2012, p. 11). The Commission president advocated a "democratic federation," not a "superstate," but acknowledged that this would require agreement on further treaties (Barroso, 2012, p. 11).

Whenever political actors invoke the "federal" word and advocate further centralization of power and competence in the EU, they grapple with the challenge of reconciling the embedded nature of Europe's nation states with their advocacy of further integration. This leads them toward ideas of federalism as a method and labels that fall short of a United States of Europe, a federal state. Notwithstanding the terminological difficulties associated with the EU, the agenda on the future of the euro area brought the question of legitimacy and accountability sharply into focus. The Van Rompuy report stressed the need for "strong mechanisms of democratic legitimacy and accountability" in the evolving EMU (Van Rompuy, 2012, p. 16). This has reignited a debate about "political union," a term that suffers from the same ambiguity that characterizes a federation of nation states. Political union in the context of the Van Rompuy report was understood as the architecture of legitimation given the deepening of integration. The focus of those inside the beltway, the EU insiders, tends to be on institutional and procedural innovations rather than on the politics of integration. The use of the term "democratic federation" implies a Union that goes beyond the multiple unions in prospect, such as the Banking Union, Economic Union, and Fiscal Union. The prefiguring of federation with "democratic" underlines the challenge of reconciling deeper integration with the attitudes and preferences of Europe's peoples. Given the politicization of integration since the 1990s and the impact of the crisis on democratic politics in Europe, Europe's elites will not be able to achieve a federation of nation states without the active engagement and consent of their electorates. The challenge is not so much about building a federation with the member states but building one with their electorates.

The election of President Macron in 2017 brought to power a political leader who wanted to talk about and strengthen Europe. Macron set out his vision of the future of the EU in his lengthy Sorbonne speech of September 2017 within months of becoming president. His vision was bold and ambitious. A wide-ranging speech stressed the political, not technical, character of the Union in the following manner: "It was the lucidity of the founding fathers to transform this age-old fight for European hegemony into fraternal cooperation or peaceful rivalries" (Macron, 2017). The idea of Europe was under attack from "nationalism, identitarianism, protectionism, isolationist sovereignism" according to President Macron (Macron, 2017). Macron did not talk of federalism, but in line with French political culture he used a sovereignty framing, in this case European sovereignty, which he argued needed to be created. European sovereignty was code for the development of greater centralized capacity in the Union. The transformative intent of the Macron vision

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faltered under domestic political pressure but was relaunched as a call for a European renaissance in March 2019 in the lead-up to the EP elections. President Macron went over the heads of EU governments directly to the people in an article that was published in 22 laguages across Europe. Building on the Sorbonne speech, Macron set out an ambitious reform agenda involving the defense of freedom, the protection of the continent, and recovering the spirit of progress. This is to be achieved by the creation of a European Agency for the Protection of Democracies, the reform and rethinking of the Schengen area, reform and reshaping of competition policy, the introduction of a social shield, climate change, and a treaty on defense and security (Macron, 2019). In addition, he proposes the creation of a Conference for Europe by the end of 2019 to set this reform agenda in motion. Taking the Sorbonne speech and the op-ed together, President Macron's vision of the future of the EU is federal but involves an *avant-garde* of willing states because for him it is better to have a "Europe that advances, sometimes at different paces, and that is open to all" (Macron, 2019). His vision is that of a two-tier EU with a federal core that is open to members in the lower/outer tier. The political prospects for President Macron's vision will be influenced by the outcome of the EP elections and the reaction of other EU states, including Germany.

A strong state like federal or sovereign Europe remains a chimera. The prospects for a federation of nation states are not strong. However, the Macron vision of a federal core might fly under certain circumstances.

Intervening Factors Shaping the Future of the EU

The four scenarios presented in this article offer an outline of possible futures for the EU. They are built on trends and tensions within the Union and within particular policy areas. Since 2008, the Union has demonstrated a robust and resilient capacity to weather crises. That robustness was accompanied by fragmentation in a number of policy fields and the loss of a member state. Brexit strengthened the determination of the remaining 27 member states to protect their common framework and guard against disintegration. Differentiated integration within the Union is a crucial mechanism to enable the EU to address the heterogeneity that characterizes it. It allows those member states that are unable or unwilling to remain outside some EU regimes, notably the euro, Schengen, defense cooperation, and justice and home affairs. External differentiation with states that could but did not join the EU offers the Union a means of maintaining close relationships with countries on its borders. To date there are different forms of external differentiation to accommodate Norway, Switzerland, Turkey, and Ukraine. The United Kingdom's exit from the EU has placed considerable focus on its future relationship with the Union given its size and significance in security and defense.

The four scenarios are presented as if the Union had complete control over its destiny and was not subject to pressures from the international system and the domestic. The contemporary world is characterized by an intensification of linkages and conections

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across regions, countries, and societies driven by technology, the ICT revolution, trade, international business, aid, mobility of people, and ideas—all of which have a major impact on the EU. In the member states, the volatility of politics, the rise of Euroscepticism, and the fracturing of the social contract pose immense challenges to the cohesion of the Union. Over the last decade, the EU has had to respond to multiple crises, and there is no evidence that the EU or global politics more generally have returned to equilibrium. It is likely therefore that a resurgence of past crises or the emergence of new ones will impact the EU and could lead to partial disintegration or further pressures to enhance the central capacity of the Union. There is no doubt that Europe's leaders will continue to face difficult challenges and dilemmas in the third decade of the 21st century. In a multinational polity such as the EU, centralized leadership is in short supply. Traditionally the EU relied on the Franco-German tandem to provide essential political leadership. The search for leadership is more complex in a Union of 27/28, and Germany has never been comfortable when looked to for decisive leadership.

The Union's External Environment

Originally classified as "complex interdependence," the growth of transnational relationships and dynamics is best subsumed under the label of globalization, one of the strongest forces in 21st-century global politics. Accompanying globalization, international power distributions have dramatically shifted since the end of the Cold War with its strategic bipolarity. The period of uncontested American unipolarity, defined by U.S. economic, political, and military preponderance, has ended as multi-polarity is an increasingly pronounced feature of the international system, underlined by the transcendence of the G8 of Western powers by the G20. The growing weight of emergent states, notably China, India, Brazil, and Russia, points to a relative decline in the power of the United States and Europe, especially within the global political economy. Moreover, for the first time since the Second World War, Europe is confronted by a U.S. leader, President Trump, who is hostile to the idea of European integration. Beyond Europe, the United States no longer supports the international multilateral order that is Europe's preferred habitat.

Europe's capacity to shape global forces and the emerging systems of global governance will be influenced by its power resources, the manner in which it deploys that power, and its coherence on international issues. The fragmented nature of the Union and the diversity of member state preferences on major international issues make it extremely difficult for the Union to act strategically. Europe's role in global governance and as a player in the contemporary international system may be viewed through the lens of "Europe as model" and "Europe as actor." The first lens points to the EU as a testing ground for governance beyond national borders, to its role as an exemplar of peaceful reconciliation among warring states, and to its successful advancement of a highly developed form of transnational integration. The second lens provides a perspective on the role of the Union in a range of foreign policy fields such as international trade, investment, development cooperation, international services and the promotion of human rights, and democratization, and, increasingly, security and defense. The Union relies mostly, although no longer exclusively, on "soft power." Because of the size of its domestic market and its role in

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trade, it also processes a hard edge, which, not least, the EU's military missions abroad further illustrate. The pivot of the United States to Asia, the renewed assertiveness of Russia, and the emergence of ISIS in the Middle East confront the Union with some hard choices on security and defense. Those choices are not just about foreign policy but about the internal cohesion and security of the member states. Apart from the future of the euro, the future of the EU will be heavily influenced by its ability to act in concert, to be strategic, to influence its neighborhood, and to shape the pattern and substance of global governance—in brief, by Europe's ability to find its role and place in the world of 21st-century global politics. If it fails to act and to influence, that too will be a decision with consequence for Europe's place in the world and its ability to shape its future.

Turbulent Politics

Turbulence characterizes politics across the world, particularly in mature democracies. The severity and duration of the global financial crisis in the euro area and the refugee crisis put considerable strain on national governments, systems of public policy, and democratic politics. The infrastructure of politics is changing; historically, political parties and party systems were the main aggregators of citizens' preferences and displayed considerable stability. This is no longer the case; parties, like other mass organizations, are no longer rooted in stable social structures, and party systems are fragmenting. The barriers to entering the political arena are no longer high because of the fragmentation of society and the mobilizing capacity of new forms of communication, particularly social media. Party systems across Europe have witnessed the arrival of challenger parties on the radical right and left challenging the dominance of the traditional party families.

The dominant left–right cleavage has lost its mobilizing capacity as a new cleavage based on identity politics has emerged in most states. The radical right, which was subdued for most of the postwar, period has regained salience. The political platform of the radical right appeals to social conservatives who are anti-immigration, anti-Islam, and anti-EU and tend to be sceptical about climate change. Their opposition to the societal changes they experience is wrapped up in nostalgia for the past and a form of illiberal nationalism. The radical right has gained electoral traction in most member states and is in power in a number of states, notably, Hungry, Poland, Denmark, and Austria. In the 2019 European elections, the radical right made gains, but not to the extent that had been anticipated. The right emerged as the largest party in France, where Marine Le Pen narrowly beat President Macron's party En Marche, and in Italy, where the Lega under Matteo Salvani won 34% of the vote. The two large centrist parties, the EPP and the S&D, lost their overall majority in the parliament and will have to widen the governing coalition to include the Liberals, ALDE, and the Greens. A turnout of over 50% marked a reversal of the downward trend in electoral participation since 1979, the first direct elections. Political space is opening up in Europe, and transnational politics are being layered onto national politics. The Brexit experiment has had a salutary impact on the attitudes toward the EU in those states where they are strong. The radical right has moved from favoring an exit from the EU to one of changing the EU from within. Eurosceptics in power are intent on

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capturing the EU and its institutions from within. Pro-European forces have mobilized and are taking on the radical right.

Leadership

Germany lies at the heart of the EU; when Robert Schuman launched the first tentative steps in the creation of the Coal and Steel Community, the reconciliation of France and Germany was historic and fundamental. Throughout the life of the Bonn Republic, the EU was the scaffolding that supported this "semi-sovereign" state and returned it to stability and prosperity. The collapse of communism and the unification of Germany returned Germany to full sovereignty, to the emergence of the Berlin Republic. Its position as the largest EU member state was enhanced and the delicate balance between French political influence and Germany's economic weight undermined. German power, highlighted by Chancellor Merkel's omniscient presence, was to the fore during the euro area crisis. Effectively, Germany had a veto over the management of the crisis and the design of policy instruments to address it. The concept of Germany as a hegemon, albeit a reluctant one, gained traction in political and scholarly discourse. This development was challenging for both Germany and its partners. For Germany, the challenge was in the uncomfortable realization that it had to lead and had special responsibilities arising from its economic weight. For Germany's partners, especially the crisis countries, it was the realization that German support would carry a heavy price in terms of austerity and retrenchment. However reluctantly, Germany gave leadership during the crisis, even if it tended to act at the last minute and within a very narrow policy frame. It continues to be extremely reluctant about security and defense and its long-term foreign policy goals. Germany faces difficult choices arising from the instability on Europe's borders to the east (Ukraine) and south. It is unlikely to escape the fact that it is a regional power and that regional powers carry particular responsibilities. Germany cannot continue to act like a small state, or if it does, that too will have major consequences for Europe in the longer term.

Following President Macron's ascent to the French presidency, there was a sustained effort to reignite the Franco-German tandem, driven by France. President Macron's strategy was to pledge to reform France internally in return for a "grand bargain" with Germany on the EU. The grand bargain consisted of Eurozone reform, deeper collaboration on defense and security, and an overall strengthening of European integration. There appeared little demand for reform in Germany, and consequently it proved extremely difficult to translate the aspirations of a grand bargain into a roadmap. France and Germany signed the Aachen Treaty on January 22, 2019, a complement to the 1963 Elysee Treaty, the foundation of the Franco-German partnership. It was powerfully symbolic that the treaty was signed in Aachen, a city with deep historical resonance. Just how the treaty translates into enhanced Franco-German cooperation is difficult to predict. Can President Macron persuade the German government to buy into his vision in whole or in part? Strong leadership from France and Germany are a necessary but not sufficient requirement for a strengthening of EU cooperation. The Union's medium-sized and small states are attentive to any development that reduces their influence in the Union. For Franco-German leadership to work, it must be built on agreement between these two big states

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and the building of a consensus across the remaining member states. Persuasion rather than coercion is required.

Conclusion

Although it is impossible to predict the shape of the European Union in all of its complexity by 2025, the Union is undoubtedly undergoing a period of change and transition as it grapples with the legacies of the euro area crisis, Brexit, and the shifting power balances of global politics. The Union proved that it had considerable capacity during the crises, but this came at a high political cost. Politics in Europe is displaying heightened volatility, which makes it more difficult for governments to govern when faced with challenger parties to the right and left and respond to public disenchantment with politics and the European Union. Euroskepticism and opposition to migration have proved a potent electoral platform for the radical right in many member states. How the political tensions and conflicts evident within and across the member states play out depends on restoring prosperity and paying attention to inequality, particularly in Europe's vulnerable economies. Beyond the proximate challenges, there are longer-term strategic choices emerging from climate change and fundamental shifts in the system of global governance. Protecting an open multilateral international system is a priority faced with the unilateral turn of the United States and the increasing assertiveness of China.

Of the four scenarios presented in this article, scenarios 2 and 3 appear the most likely. Although disintegration should not be ruled out, systematic failure appears improbable at this stage. Differentiated integration, however, is likely to become an even more pronounced feature of the EU. Muddling through with incremental piecemeal change (scenario 2) is the approach that prevailed during the crisis. Agreement on Banking Union, a euro budget and border control points to scenario 3, but the EU may not be able to amass the political capacity to go much beyond this level of centralization. The fourth scenario—a federation of nation states, meaning a fully fledged federal state and political union—appears beyond the reach of the Union, although it remains part of the discourse on the future of the EU.

Primary Sources

The best primary sources are the main institutional websites of the EU:

European Commission.

European Council .

Council of Ministers.

European Parliament .

Court of Justice of the European Union.

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European Central Bank.

European Court of Auditors.

Economic and Social Committee.

Committee of the Regions.

Further Reading

Bulmer S., & Paterson, W. E. (2018). *Germany and the European Union: The reluctant hegemon?* London: Macmillan. This volume highlights the growing role of Germany in the Union and the dilemmas it faces as a reluctant hegemon.

De Vries, C. (2018). *Euroscepticism and the future of European integration.* Oxford: Oxford University Press. This volume offers deep insight into contestation around the EU and the rising phenomenon of Euroscepticism.

de Wilde, P., & Lord, C. (2016). Assessing actually existing trajectories of EU politicisation. *West European Politics*, *39*(1), 145–163. Politicization is an increasingly important trend in the EU. This article explores the intersection between politicization and democratic legitimacy.

Giddens, A. (2014). *Turbulent and mighty continent: What future for Europe?* Cambridge, U.K.: Polity Press. This volume written at the height of the euro area crisis analyzes the future of the EU as a "community of fate."

Hooghe L., & Marks, G. (2019). **Grand theories of European integration in the twenty-first century**. *Journal of European Public Policy*, Special Issue: Grand Theories of European Integration in the 21st Century, *26*(8), 1113–1133.

Krastev, I. (2012). European disintegration? A fraying Union. *Journal of Democracy*, *23*(4), 23–30. This article reviews the pressures on the EU system and asks if the reversal and rupture of the integration process is possible. Given the depth of the crisis in the EU since 2010, it is important to consider disintegration and not just integration.

Laffan, B. (2018). *Europe's union in crisis: Tested and contested*. Routledge: London. This volume, which first appeared as a Special Issue of West European Politics, offers a wide ranging analysis of how the EU responded to multiple crises over the past decade.

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Webber, D. (2018). *European disintegration: The politics of crisis in the EU*. London: Macmillan. This volume analyses four EU crises since 2009 and assesses the possibility of disintegration of the Union.

Wiener, A., Börzel, T., & Risse T. (Eds.). (2018). *European integration theory*. Oxford: Oxford University Press. This volume provides a comprehensive overview of integration theory, which provides us with the building blocks to understand the dynamic of European integration.

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Notes:

(1.) This article is an updated and amended version of Laffan (2015).

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