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### "Completing Europe's Economic and Monetary Union". Any Support from the Citizens?

*Francesco Farina and Roberto Tamborini*

#### Open Assessment

By *Fritz Breuss*

*Jean Monnet Professor, Vienna University of Economics and Business*

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To avoid misunderstandings, I would like to say right from the beginning that my assessment comes from the perspective of an economist.

Having said this, let us look at the pros and cons of the findings of Farina and Tamborini (FT).

The authors confront the targets of creating a “Genuine Economic and Monetary Union (GEMU) as planned in the “Five Presidents Report” of 2015 with the political will towards “More Europe vs less Europe” expressed in the surveys of Eurobarometer. FT use two kinds of Eurobarometer: Special Eurobarometer (EB) No. 415 July 2014 (question about “More Europe” – “More decisions should be taken at the EU level” and question about “Things are going in the right/wrong direction, in the EU/in your country”), and the Standard Eurobarometer No. 84, Autumn 2015 (with the four classical questions about the “image of the EU”, the “trust in political institutions”, “optimism/pessimism” and the stance toward the “euro”).

From the “right(R)/wrong (W)” question in the Special EB the authors construct an interesting “map of four quadrants” (Figure 1) in which the R/W-questions are confronted the EU/H(home) dimension. In the **EU-R/H-W** quadrant we find new EU (non-Euro-zone - EZ) members of Eastern Europe. One would expect that these countries, which see things going wrong in their home countries and in the right direction in the EU would be strong supporter of “More EU”. As we will argue later this may have been so before the “new crises” starting in late 2015. The **EU-R/H-R** quadrant displays EZ countries (like Germany) with a good economic performance. The authors call this group countries with “global satisfaction” (Why?). Anyway, these countries are happy with the performance of the EU and with that in their home countries so that it is not clear whether they should be happy of “More Europe” or “Less Europe”. In the quadrant **EU-W/H-R** we find countries with prevalent “pro-national feelings” (this is surely true for the UK, but questionable for Austria). In the last quadrant **EU-W/H-W** the authors place countries with “global discontent” (Why this connotation?). People of these countries are not satisfied with the EU and with their home countries. Should they foster “More EU”?

Then the authors try to find a relationship between the classification of EU member states in the map of four quadrants and the correlation between the assessment of “More Europe” or less. Well, looking at Figure 2 one can hardly find a statistically significant correlation.

Adding the economic dimension via indices of “economic pain” with the variables real per capita disposable income, unemployment rate and “austerity” result in an interesting classification of the present situation in the EU. The global economic and financial crisis 2008/09 has generated more severe “economic pain” in the EZ than in the EU. However, there is no clear-cut relationship between economic pain in the EU/EZ member states and the wish

to have “More Europe or more EMU”. Just think of the Euro crisis country Greece. More Europe would mean for them more “dictation” of the Troika/The Institutions.

After reading this interesting study one must conclude that the Eurobarometer results are firstly inconclusive concerning the question of “More or less EMU” either because the questions are too general or the Eurobarometer results used in this study are not up to date. The “four quadrants” analysis is too general to be able to answer the specific question posed in the title of this article, namely whether there is a political will to embark into “More Europe” or more specifically, into “More EMU”. Generally, all what one can say is that countries which suffered severely from the Great Recession in 2009 and the following Euro crisis (mostly the peripheral countries within the EZ) are disappointed from the EU/EZ crisis management and are therefore surely not advocating more EMU.

This brings me to the critical part of my assessment. It is the misfortune of any empirical study, that it may be obsolete at the time of publication. Particularly in the EU time is passing very rapidly so that events of yesterday may be obsolete today. After the FT study was drafted and published the EU underwent fundamental changes which make the results of Eurobarometer surveys as of 2014 and 2015 used in this study more or less obsolete. Starting with autumn 2015 the EU suffered the following additional pain or crises:

- The asylum/migration crisis started in the second half of 2015. This led to a new fundamental political crisis in the EU splitting it into a group of old and new member states. The reason is the refusal of accepting the quota ruling of the EU to distribute migrants within the EU. Here we see a new barrier for “More Europe”. And this concerns the new EU member states in Eastern Europe (the Visegrád group) in the first quadrant (EU-R/H-W). Generally, the migration crisis has fostered more nationalistic forces in the large EU countries (Germany and France) which make it difficult to think of “More Europe” in these times.
- Brexit: In the referendum in the UK as of 23 June 2016 a majority voted to leave the EU. This brings a new dimension in the debate of “More or less Europe”. Many (this is also my opinion) think that it would be time to go ahead with the United States of Europe to avoid a dissolution of the EU. The Brexit negotiations with EU will be decisive also for other potential EU critical member states what to do next.
- Turkey crisis: After the failure of the coup d'état in Turkey on 15 July 2016, the president Recep Tayyip Erdogan is more and more embarking into an autocratic if not dictator-like policy stance. Having a migration deal with the EU to hinder the influx of uncontrolled migrants to Europe, the EU is indulgent with breaking off the EU membership negotiations with Turkey. Nobody knows, how long this status will prevail and there will be a renewed migration crisis in Europe.
- Hungary/Poland crisis: Already before the migration crisis but reinforced by it in Hungary and in Poland the nationalistic attitudes outweigh the will for “More Europe”.

Lastly, there is the fundamental question whether the Non-EZ countries would at all be happy if the EZ or EMU countries would step ahead towards more EMU. To the contrary, this would enhance the scepticism of the Non-EZ group towards the EU because they would feel that they are excluded by the process of “More EMU”. It cannot be a solution to realize “More Europe” in a subset of the EU (only concerning the EMU – the aim of the “Five Presidents Report”) without compensating the outsiders. The only feasible political solution would therefore be to take all willing EU member states into the boot and create a genuine United States of Europe.