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THE INSTITUTIONAL AND POLITICAL CRISIS OF THE EUROPEAN UNION AND SOME WAYS FOR OVER- COMING IT

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Loss of autonomy of governments, incoherent European governance

When the waves of the world crisis caused by Lehman brothers collapse have hit the European Union, the difficult muddling through in order to preserve the Euro has revealed the breach between a national government and a fuzzy supranational governance involving too many uncoordinated actors. Retrospectively, the weaknesses in the Eurozone decision process boil down to a common and deeper origin: instead of an explicit economic government (Boyer, 2000; Boyer, Dehove, 2001), the successive European treaties have organised quite complex governance, implying a multiplicity of entities and actors with partial objectives and interests. This configuration seemed roughly compatible during the credit and public deficit led-boom period, but that have become self-defeating once the realism of the architecture of the Euro has been challenged by international finance (figure 1).

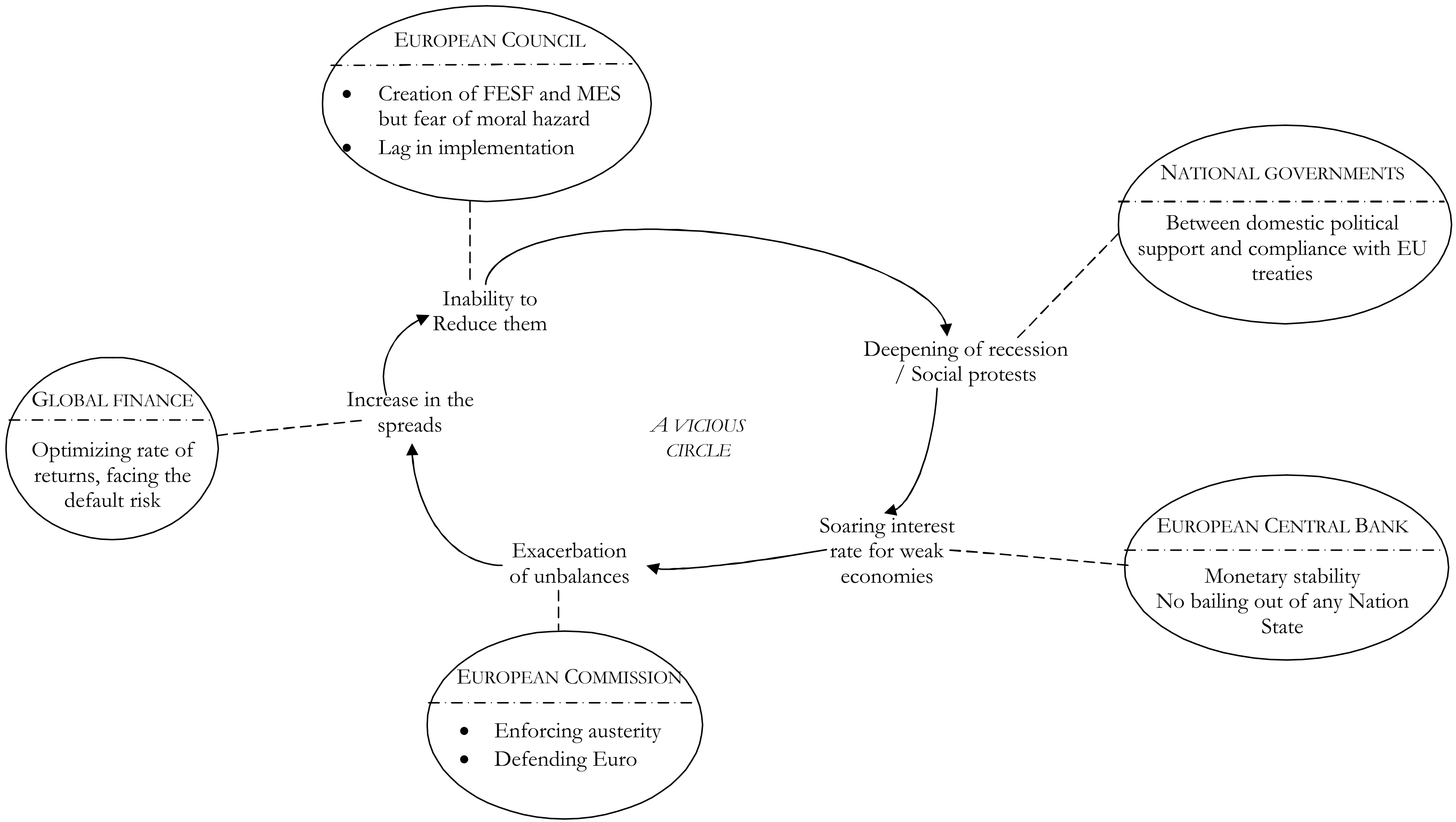
A constant feature emerges from the evolutions observed since March 2010, date of the reversal of economic policies towards austerity: international finance is the Stackelberg leader in the European governance game, since its expectations set the amplitude of the spread to be paid for the refinancing of each national sovereign debt. The various European Councils discuss the creation of successive public funds in order to provide a transitory relief by refinancing at lower interest rates, because they understand that the excessive pessimism of private finance would mean the march to default for many economies: Greece, Portugal and Ireland and potentially Spain and Italy. But the German and Nordic governments absolutely want to block any moral hazard prone configuration and they ask for a control over the effectiveness of the adjustment programs of these economies. This means new austerity measures, on top of the ones already decided.

This derives from the fact that even after the announcement of a decision, the process of implementation remains uncertain: on one side, the national Parliaments have to approve the participation to the Financial European Stability Fund and then the European Stability Mechanism, but on the other side, the governments that benefit prospectively from these funds face increasing difficulties when their austerity policy does not reverse the downwards macroeconomic evolutions: many social groups (civil servants, unemployed, beneficiaries of welfare transfers…) vocally oppose to the unfairness and ineffectiveness of the policy. In Southern member states, governments suffer from a form of schizophrenia: they absolutely need the help of Europe, but they are unable to convince their public opinion that the conditions imposed are useful and legitimate.

International finance does not like this ambiguity and then castigates these governments: a new wave of pessimism starts. A fourth actor has potentially, if not legally, the ability to counteract, at least transitorily, the explosion of the spreads for State and banks refinancing: the Central Bank. The US, UK and Japan have massively used this instrument and they succeeded in lowering the interest rate, thus easing the stress upon the banks and public finance. Unfortunately, the letter of Lisbon Treaty forbids this traditional role of Central Bank as an open lender of last resort. Therefore each government realizes that the Euro has become the equivalent of a foreign currency. Consequently, the unique objective attributed to the ECB – to conduct a monetary policy maintaining a low aggregate inflation rate – is blocking one of the easiest solutions for monitoring the interest rate paid on sovereign debt. Finally here comes the less influential actor: the European Commission, allied with the ECB and IMF, has the rather limited task to monitor the national programs of adjustments for the governments that have benefited from European funds. This conjunction of actors' strategies triggers a new sequence in the macroeconomic vicious circle that started on March 2010, under the pressure of international finance.

This process was partially stopped when the ECB stated that the threat of bankruptcy of banks (and governments) was blocking the credit channel in the transmission of monetary policy to economic activity. Therefore, the ECB was able to buy Treasury bonds from Greece, Portugal, Spain, and Italy. This creative interpretation of the Lisbon Treaty was threatened by the protests of the Bundesbank and the inability to get a unanimous support within the ECB Council. Immediately the adverse macroeconomic evolutions manifested themselves so powerfully that Mario Draghi had to announce in July 2012, that the Euro would be defended by any means available (Draghi, 2012). The calm has then prevailed on financial markets at least until the spring 2013. Nevertheless credit might buy time, but it is not an alternative to difficult institutional reforms of European governance, the more so the more adverse the impact of the diffusion of austerity policies. Consequently if all the entities involved into the governance of the Euro stick to their traditional objectives, past strategies and instruments, no way out the Euro crisis will emerge. But fortunately this is not the only scenario.

Figure 1 – The muddling through in the Euro-zone: the consequence of the conflict between the objectives and interests of a web of actors



Between Euro collapse and federalism: so many contrasted futures

There is implicit teaching from this analytical framework: no durable way out of the Euro crisis can emerge from the present status quo and de facto quite all the actors involved into the European governance have put forward various reform proposals. This uncertain juncture suggests to imagine a set of scenarios built upon the rise of a key collective actor who tries to rebalance and resynchronize the scattered components of European governance: the European Central Bank, the German government, Southern European public opinion, the British authorities, a transnational federalist movement and finally international finance are possible leaders and drivers of contrasted reconfigurations in the relation between European union, Member states and global finance (table 1).

1. *Federalism by technocratic rationality* is the first path to be explored in the light of the key role of ECB in calming the anxiety of financiers about the irrevocable collapse of the Euro, since the summer 2012 (Draghi, 2012). This sets into motion the adoption of the principle of a genuine banking union by the European Council (2012) on top of the Fiscal Compact aiming at disciplining national public finance, previously adopted. The impulse comes from the unique fully federal institution, the ECB that would be the big looser if Euro were to disappear. Clearly it calls for a coordination of European monetary policy with the national budgetary and tax policies consolidated at the EU level and these knock down effects should progressively redesign the whole architecture of European governance in the name of economic rationality, coherence and long term viability of the EU. Nevertheless, this scenario faces severe obstacles. Firstly, an easier refinancing of public debts does not overcome the poor competitiveness of most Southern economies and may even postpone the required structural reforms. Secondly, this rather technocratic approach disregards the sinking legitimacy of European institutions in most national public opinions and its quasi compete neglect for democratic principles, especially when citizens complain vocally against the unfairness and inefficiency of austerity policies imposed precisely under the name of a (dubious)economic expertise. Last but not least, the very founding principle of modern societies is not to be forgotten:" No taxation without representation" and it is an absolute barrier to the launching of a genuine federal budget with redistributive and stabilizing objectives.

2. *A German Europe built upon ordo-liberalism* delineates a second and quite different scenario, as evidenced by the recurring frictions between Mario Draghi and the German authorities about the inflationary perils associated with the unorthodox ECB monetary policy and the moral hazard associated with the bailing out of imprudent governments. Basically, the way out of the present mess is up to the reassertion of the rules of good governance: compliance with limited public deficit, strict independence of a Central Bank in charge exclusively of monetary stability, wage negotiations preserving competitiveness, efficient tax and welfare system. This a federalism by rule compliance makes unnecessary any step towards more solidarity and does not require any massive transfer across member states, at odds with the first scenario. These features mean both the attractiveness of this future for German citizens and their dubious or quasi impossible implementation in other Southern societies. On one side, German authorities argue that this conception has been quite helpful for the recovery of their own economy after the reunification and that it was the core of the Maastricht and Lisbon treaties, agreed upon by all member states. Have not these principles led to the impressive economic performance of Germany and its present de facto hegemony within the E.U…. and its ability to contribute to the bailing out of ailing economies and quasi "failed states"? On the other side of the coin, is it

realist to strengthen rules that weaker societies have been unable to comply with? Have not German firms benefited from the economic policy mistakes of Southern Europe? Has not the Euro organized and deepened a de facto complementarity between competitive manufacturing in the North and sheltered services in the South? Therefore are not significant transfers from the North to the South necessary to prevent the complete collapse of 60 years of European integration?

3. *A North/South grand divide* might be the unintended final outcome of the previous scenario: the persisting asymmetric power of Germany, converted from economy to polity, could well make more and more likely the split of the old continent according to a North/ South or center/periphery dividing line. At least three brands of capitalism used to coexist in Europe (Amable, 2003) and their difference have been exacerbated with the Euro (Boyer, 2013). This scenario assumes furthermore that it is better to organize collectively the end of the Euro than to let it happen via a succession of costly crises (Bresser Pereira, 2012). Silently the fast internal and external financial liberalization process had allowed an easy financing of trade and public deficits, thus hiding the cumulative loss of competitiveness of the weakest European economies. Given the irreversible loss of national exchange rate policy formalized by the European treaties, public and welfare cuts and severe wage concessions seem to be the only tools available to restore the lost structural competitiveness. Unfortunately, consumption and investment are plummeting faster than trade deficit reduction, hence a rise in unemployment and an open rebellion of wage earners, unemployed youth and citizens facing cuts in education and health care (Boyer, 2012). In this configuration, austerity is self- defeating (Fitoussi, 2011; Krugman, 2012) and threaten the very foundations of European societies (Sen, 2012). Political instability is the logical outcome of this dramatic rupture in the past rather smooth process of European integration (Fligstein, 2012) and the objectives of the founding fathers of Europe (Monnet, 1976). Symmetrically, the public opinion in healthier and more dynamic economies is not ready the finance permanent and long duration transfers in order for instance to reindustrialize ailing economies: the equivalent of an intra-European Marshall plan seems out of reach .A strategy could be for governments to agree to keep a common currency for external relations of the EU but to create two Euros, one or the South another for the North with a floating but managed exchange rate among them in order to limit a dangerous overshooting in the transition period. The less competitive economies could thus benefit from the devaluation of the Southern Euro, return to growth, and extend their production capacity. Their external debt should be rescheduled and renegotiated, a quite perilous task indeed, because this move would trigger a wave of anxiety and speculation on global financial markets. This should be an incentive for relying more upon domestic saving than instable entries of capital. One or two decades ahead, when structural competitiveness is well established in each country, an optimist could contemplate a new tentative for monetary integration and the fusion of the two euros again into a single currency. But this assumes a lot of pragmatism and flexibility from European authorities in order to prevent the unfolding of a still more dramatic scenario.

4. *A contagious wave of nationalism and protectionism* is precisely the permanent threat upon a mishandling of such an organized monetary- but not economic- divorce within a reformed E.U. Actually most Southern economies have a common political interest in negotiating a more balanced treaty but their economic health, political tradition and public administration capacities are quite different indeed. If they fail to speak with a single voice, the weakest member states might face a speculative attack upon their public debt and be pushed into default. But the crisis might also mature at home with the rise of new political movements or parties advocating an exit from the Euro: too much sacrifices

and no reward (Greece, Portugal, Spain or even Italy), excessive intra-European transfers, but no recognition by other member states (Germany, Finland). The successful handling of default by Argentina government is frequently considered as a possible reference for Greece, however distinct might be their economic specialization, autonomy and political organization. Nevertheless this could be the starting point for a stampede out of the Euro, a contagious " Sauve qui peut ", fed by a vocal nationalism gathering both left and ultra- right parties. Would the pride about the recovering of national sovereignty sufficient to compensate the large costs of a protectionist move, especially in economies that display a poor specialization in the context of value chains extended at the world level? What about the political governability of societies where European integration has long been the alpha and omega of the elite? Could the single European market survive to the uncertainty of exchange rates evolution and a creeping or open protectionism, decided to tentatively sustain domestic employment. This should be the nightmare for Europeans and federalists: the beautiful motto" Unity in Diversity" should then be turned into "Diversity in Disunity."

5. *A British apolitical Europe* could define another trajectory not so glorious but less gloomy than the race to the bottom, typical of the fourth scenario. It could explore a third way between a march to federalism and the complete demise of the whole European project, between the search for a problematic political Union and the chaos provoked by the long lasting denegation of heterogeneous if not totally conflicting national interests and conceptions concerning the relations between markets and States, economic performance and social justice. In this fifth scenario, Europe should be restricted to a free trade zone, with minimalist administrative enforcement, i.e. a training ground to cope with the globalization of competition, the real challenge of this century, knowing the shift in the center of gravity of the world economy towards Asia. Under this respect, German and British governments seem to share the same conception: Europeanization should now become a mean for achieving world competitiveness, not anymore a political goal. The February 2013 European Council decision to reduce the share of the common budget in relation with the GDP of the EU is quite emblematic of a new alliance, at the detriment the demands of Southern Europe governments and the traditional Franco-German leadership in the promotion of a deeper and deeper integration. This scenario could emerge from a renegotiation of European treaties at the request of a British conservative government challenged at home by the rise of a strong anti-European party. The trajectory could display many variants: a two or multiple tier Europe, a flexible configuration, tailored according each national interest, a quite old idea promoted since several decades by British think tanks. In a sense this would be the post mortem victory of Margaret Thatcher's strategy against Jacques Delors' grand vision. Why? It was far easier to erase economic frontiers than to build new supranational political institutions, "Europe à la carte" is more likely than a European typical federalism.

6. *A democratic federal Europe* is frequently presented as the counterpart and only alternative to the demise of the Euro. Many experts and some policy makers stress that economic and financial interdependency and externalities have reached such an intensity that the only reasonable strategy is to build at the supranational level the political institutions to govern them (Cohn-Bendit and Verhofstadt, 2012). But others point that federalism is both an opportunity but also a risk (Habermas, 2011; Artus, 2011). In any case, it requires to overcome the democratic deficit in the present distribution of power and competences in the EU (Goulard and Monti, 2012) and it is not at all an easy task: an integration among unequal partners puts at risk the democratic ideal (Hopner and Schafer, 2012), as evidenced by the uproar against the troika (IMF, European Commission and ECB) when visiting Greece or Portugal. No doubt, legitimacy is required to build new and heavy

institutions, but it is quite a challenge to pretend to restore the credibility of the EU and the Euro in the midst of as systemic crisis by correcting at last a long lasting democratic deficit of European integration (Levrat, 2012). Most of the citizens hurt by unemployment, welfare and public service cuts, imposed from outside, do think that the nation is the only arena available in order to recover a say upon their future: Brussels, Strasbourg and Frankfurt are too distant and alien to their major concerns. Furthermore, the time of the economy is not synchronized with the time of polity and the reforms of today will bring their fruits a decade ahead: in between, how to overcome the perils of a systemic collapse of the EU? Last but not least, the German political elite that used to propose a federal Europe two decades ago is now much more skeptical (Issing, 2012), the more so, the clearer the political divide from the both sides of the Rhine (Sinn, 2012). In any case democracy is not the panacea that would cure long lasting unsolved issues in the EU.

7. *International finance strikes back* and ultimately decides about the future of the EU. This last scenario could become again at the top of the European agenda. Innovative decisions have been taken by policy makers about future sound management of public finance, a banking union. Nevertheless, is missing a fiscal union that would make credible the future bailing out by the EU of an ailing bank and there are disagreements in the implementation of the banking union. Consequently, any bad news may trigger a renewed distrust in the viability of the Euro and the ability of political systems to deliver quick and relevant responses. Until the 2013 spring, a strange calm prevails among international financiers: the banking crisis in Cyprus has not set into motion a negative contagion across Europe, and even France was granted unprecedented low interest rate for refinancing its growing public debt. Remember that markets shift brutally from naïve optimism to black pessimism (Orléan, 2009) and frequently a surprising calm precedes the storm. The world will experience new financial crises and Europe is the weakest pole of the triad that structures the world economy (Boyer, 2011). This will start again the search for alternative reconfigurations for the European Union.

A strong and recurring teaching comes out numerous prospective studies: they are at best cognitive maps to tentatively shape today decisions, knowing that history is full of surprises and innovations. Thus, these seven scenarios could be explored successively and generate a largely unpredictable trajectory. The only merit of the present exercise is to stimulate the own thinking of the readers and to convince he/him to abandon the current black and white vision: either federal Europe or the end of the Euro. History lasts long.

Table 1 – A tentative assessment of the seven scenarios

Scenario	Strengths	Weaknesses	Political viability / Legitimacy
1. "FEDERALISM BY TECHNOCRATIC RATIONALITY"	Search for coherence and resynchronization of EU institutions	New reduction in national sovereignty	Weak unless strong political impulse by a charismatic leader
2. "Ordoliberalismus für Alle": a German Europe	Integration without fiscal federalism	Does not overcome North/South structural unbalances	Deepening of the Maastricht Treaty principles that failed
3. "A North/South divide": a flexible exchange rate between two Euros	Overcomes the basic present unbalances by a return to growth in Southern Europe	A de facto breaking down of the EMU	A partial recovery of national autonomy but large political costs for federalists
4. "Chacun pour soi": A wave of nationalism and protectionism	Recovery of national sovereignty	Possible large economic costs	A response to both left and ultra right demands
5. "A British non Europe": free trade zone + ad hoc partnership	A reconciliation of the diversity of national interests	The end of the political federalism in Europe	A third way between complete collapse and a federalist Europe
6. "More democracy": as a condition for a path towards a federal Europe	A response to the erosion of EU legitimacy	Assumes that an European citizenship can be the cornerstone of a new EU	Dubious in the midst of economic depression
7. "International finance strikes back": The storm after the calm	Puts a pressure upon an unsustainable European configuration	Puts at risk the very basic European project	The real economic global power: complete mobility of huge amount of capital

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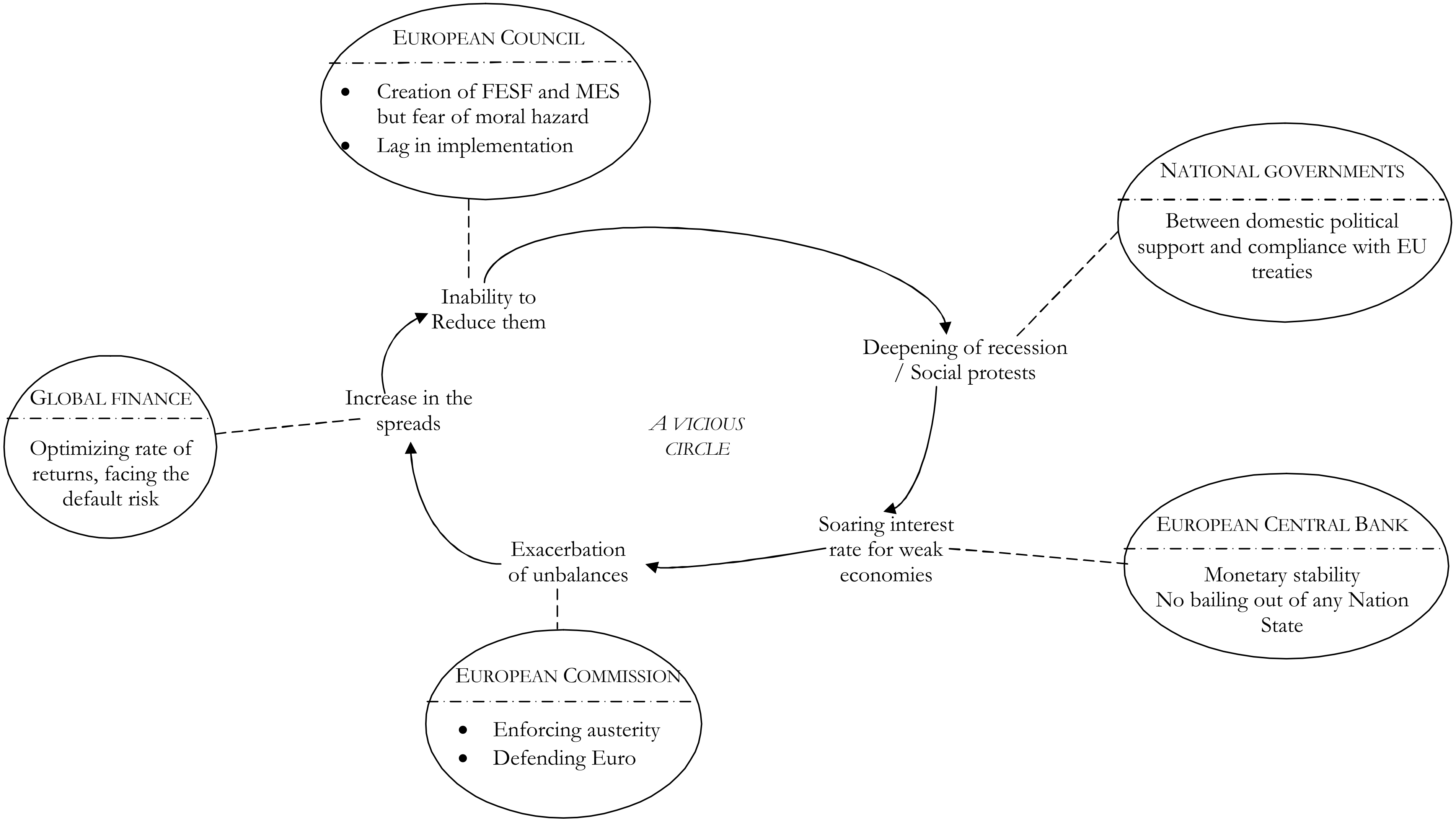

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3. *A North/South grand divide* might be the unintended final outcome of the previous scenario: the persisting asymmetric power of Germany, converted from economy to polity, could well make more and more likely the split of the old continent according to a North/ South or center/periphery dividing line. At least three brands of capitalism used to coexist in Europe (Amable, 2003) and their difference have been exacerbated with the Euro (Boyer, 2013). This scenario assumes furthermore that it is better to organize collectively the end of the Euro than to let it happen via a succession of costly crises (Bresser Pereira, 2012). Silently the fast internal and external financial liberalization process had allowed an easy financing of trade and public deficits, thus hiding the cumulative loss of competitiveness of the weakest European economies. Given the irreversible loss of national exchange rate policy formalized by the European treaties, public and welfare cuts and severe wage concessions seem to be the only tools available to restore the lost structural competitiveness. Unfortunately, consumption and investment are plummeting faster than trade deficit reduction, hence a rise in unemployment and an open rebellion of wage earners, unemployed youth and citizens facing cuts in education and health care (Boyer, 2012). In this configuration, austerity is self- defeating (Fitoussi, 2011; Krugman, 2012) and threaten the very foundations of European societies (Sen, 2012). Political instability is the logical outcome of this dramatic rupture in the past rather smooth process of European integration (Fligstein, 2012) and the objectives of the founding fathers of Europe (Monnet, 1976). Symmetrically, the public opinion in healthier and more dynamic economies is not ready the finance permanent and long duration transfers in order for instance to reindustrialize ailing economies: the equivalent of an intra-European Marshall plan seems out of reach .A strategy could be for governments to agree to keep a common currency for external relations of the EU but to create two Euros, one or the South another for the North with a floating but managed exchange rate among them in order to limit a dangerous overshooting in the transition period. The less competitive economies could thus benefit from the devaluation of the Southern Euro, return to growth, and extend their production capacity. Their external debt should be rescheduled and renegotiated, a quite perilous task indeed, because this move would trigger a wave of anxiety and speculation on global financial markets. This should be an incentive for relying more upon domestic saving than instable entries of capital. One or two decades ahead, when structural competitiveness is well established in each country, an optimist could contemplate a new tentative for monetary integration and the fusion of the two euros again into a single currency. But this assumes a lot of pragmatism and flexibility from European authorities in order to prevent the unfolding of a still more dramatic scenario.

4. *A contagious wave of nationalism and protectionism* is precisely the permanent threat upon a mishandling of such an organized monetary- but not economic- divorce within a reformed E.U. Actually most Southern economies have a common political interest in negotiating a more balanced treaty but their economic health, political tradition and public administration capacities are quite different indeed. If they fail to speak with a single voice, the weakest member states might face a speculative attack upon their public debt and be pushed into default. But the crisis might also mature at home with the rise of new political movements or parties advocating an exit from the Euro: too much sacrifices

and no reward (Greece, Portugal, Spain or even Italy), excessive intra-European transfers, but no recognition by other member states (Germany, Finland). The successful handling of default by Argentina government is frequently considered as a possible reference for Greece, however distinct might be their economic specialization, autonomy and political organization. Nevertheless this could be the starting point for a stampede out of the Euro, a contagious " Sauve qui peut ", fed by a vocal nationalism gathering both left and ultra- right parties. Would the pride about the recovering of national sovereignty sufficient to compensate the large costs of a protectionist move, especially in economies that display a poor specialization in the context of value chains extended at the world level? What about the political governability of societies where European integration has long been the alpha and omega of the elite? Could the single European market survive to the uncertainty of exchange rates evolution and a creeping or open protectionism, decided to tentatively sustain domestic employment. This should be the nightmare for Europeans and federalists: the beautiful motto" Unity in Diversity" should then be turned into "Diversity in Disunity."

5. *A British apolitical Europe* could define another trajectory not so glorious but less gloomy than the race to the bottom, typical of the fourth scenario. It could explore a third way between a march to federalism and the complete demise of the whole European project, between the search for a problematic political Union and the chaos provoked by the long lasting denegation of heterogeneous if not totally conflicting national interests and conceptions concerning the relations between markets and States, economic performance and social justice. In this fifth scenario, Europe should be restricted to a free trade zone, with minimalist administrative enforcement, i.e. a training ground to cope with the globalization of competition, the real challenge of this century, knowing the shift in the center of gravity of the world economy towards Asia. Under this respect, German and British governments seem to share the same conception: Europeanization should now become a mean for achieving world competitiveness, not anymore a political goal. The February 2013 European Council decision to reduce the share of the common budget in relation with the GDP of the EU is quite emblematic of a new alliance, at the detriment the demands of Southern Europe governments and the traditional Franco-German leadership in the promotion of a deeper and deeper integration. This scenario could emerge from a renegotiation of European treaties at the request of a British conservative government challenged at home by the rise of a strong anti-European party. The trajectory could display many variants: a two or multiple tier Europe, a flexible configuration, tailored according each national interest, a quite old idea promoted since several decades by British think tanks. In a sense this would be the post mortem victory of Margaret Thatcher's strategy against Jacques Delors' grand vision. Why? It was far easier to erase economic frontiers than to build new supranational political institutions, "Europe à la carte" is more likely than a European typical federalism.

6. *A democratic federal Europe* is frequently presented as the counterpart and only alternative to the demise of the Euro. Many experts and some policy makers stress that economic and financial interdependency and externalities have reached such an intensity that the only reasonable strategy is to build at the supranational level the political institutions to govern them (Cohn-Bendit and Verhofstadt, 2012). But others point that federalism is both an opportunity but also a risk (Habermas, 2011; Artus, 2011). In any case, it requires to overcome the democratic deficit in the present distribution of power and competences in the EU (Goulard and Monti, 2012) and it is not at all an easy task: an integration among unequal partners puts at risk the democratic ideal (Hopner and Schafer, 2012), as evidenced by the uproar against the troika (IMF, European Commission and ECB) when visiting Greece or Portugal. No doubt, legitimacy is required to build new and heavy

institutions, but it is quite a challenge to pretend to restore the credibility of the EU and the Euro in the midst of as systemic crisis by correcting at last a long lasting democratic deficit of European integration (Levrat, 2012). Most of the citizens hurt by unemployment, welfare and public service cuts, imposed from outside, do think that the nation is the only arena available in order to recover a say upon their future: Brussels, Strasbourg and Frankfurt are too distant and alien to their major concerns. Furthermore, the time of the economy is not synchronized with the time of polity and the reforms of today will bring their fruits a decade ahead: in between, how to overcome the perils of a systemic collapse of the EU? Last but not least, the German political elite that used to propose a federal Europe two decades ago is now much more skeptical (Issing, 2012), the more so, the clearer the political divide from the both sides of the Rhine (Sinn, 2012). In any case democracy is not the panacea that would cure long lasting unsolved issues in the EU.

7. *International finance strikes back* and ultimately decides about the future of the EU. This last scenario could become again at the top of the European agenda. Innovative decisions have been taken by policy makers about future sound management of public finance, a banking union. Nevertheless, is missing a fiscal union that would make credible the future bailing out by the EU of an ailing bank and there are disagreements in the implementation of the banking union. Consequently, any bad news may trigger a renewed distrust in the viability of the Euro and the ability of political systems to deliver quick and relevant responses. Until the 2013 spring, a strange calm prevails among international financiers: the banking crisis in Cyprus has not set into motion a negative contagion across Europe, and even France was granted unprecedented low interest rate for refinancing its growing public debt. Remember that markets shift brutally from naïve optimism to black pessimism (Orléan, 2009) and frequently a surprising calm precedes the storm. The world will experience new financial crises and Europe is the weakest pole of the triad that structures the world economy (Boyer, 2011). This will start again the search for alternative reconfigurations for the European Union.

A strong and recurring teaching comes out numerous prospective studies: they are at best cognitive maps to tentatively shape today decisions, knowing that history is full of surprises and innovations. Thus, these seven scenarios could be explored successively and generate a largely unpredictable trajectory. The only merit of the present exercise is to stimulate the own thinking of the readers and to convince he/him to abandon the current black and white vision: either federal Europe or the end of the Euro. History lasts long.

Table 1 – A tentative assessment of the seven scenarios

Scenario	Strengths	Weaknesses	Political viability / Legitimacy
1. "FEDERALISM BY TECHNOCRATIC RATIONALITY"	Search for coherence and resynchronization of EU institutions	New reduction in national sovereignty	Weak unless strong political impulse by a charismatic leader
2. "ORDOLIBERALISMUS FÜR ALLE": A GERMAN EUROPE	Integration without fiscal federalism	Does not overcome North/South structural unbalances	Deepening of the Maastricht Treaty principles that failed
3. "A NORTH/SOUTH DIVIDE": A FLEXIBLE EXCHANGE RATE BETWEEN TWO EUROS	Overcomes the basic present unbalances by a return to growth in Southern Europe	A de facto breaking down of the EMU	A partial recovery of national autonomy but large political costs for federalists
4. "CHACUN POUR SOI": A WAVE OF NATIONALISM AND PROTECTIONISM	Recovery of national sovereignty	Possible large economic costs	A response to both left and ultra right demands
5. "A BRITISH NON EUROPE": FREE TRADE ZONE + AD HOC PARTNERSHIP	A reconciliation of the diversity of national interests	The end of the political federalism in Europe	A third way between complete collapse and a federalist Europe
6. "MORE DEMOCRACY": AS A CONDITION FOR A PATH TOWARDS A FEDERAL EUROPE	A response to the erosion of EU legitimacy	Assumes that an European citizenship can be the cornerstone of a new EU	Dubious in the midst of economic depression
7. "INTERNATIONAL FINANCE STRIKES BACK": THE STORM AFTER THE CALM	Puts a pressure upon an unsustainable European configuration	Puts at risk the very basic European project	The real economic global power: complete mobility of huge amount of capital

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