

Do we need more Europe?

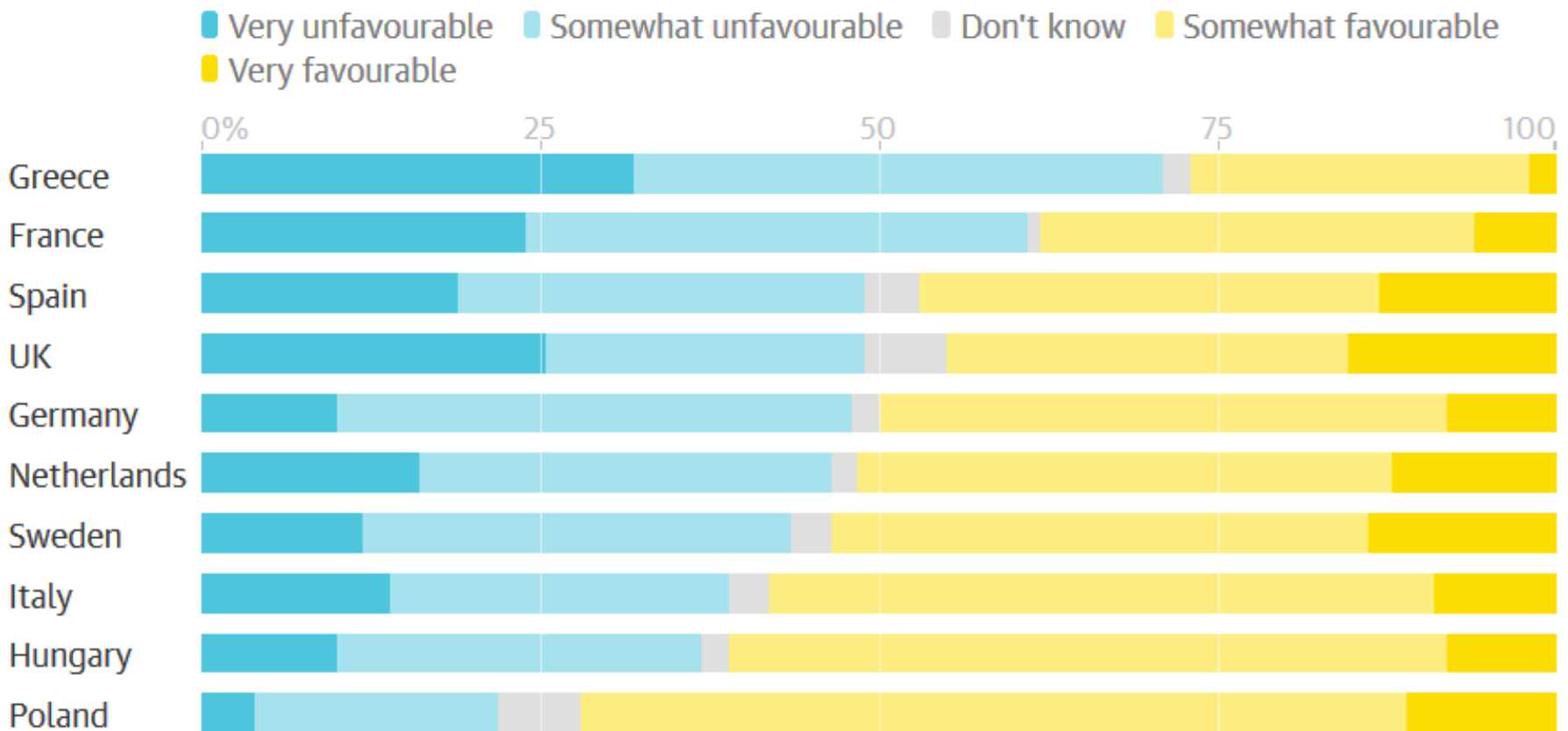
Vilém Šmerák

More or Less Europe: Options

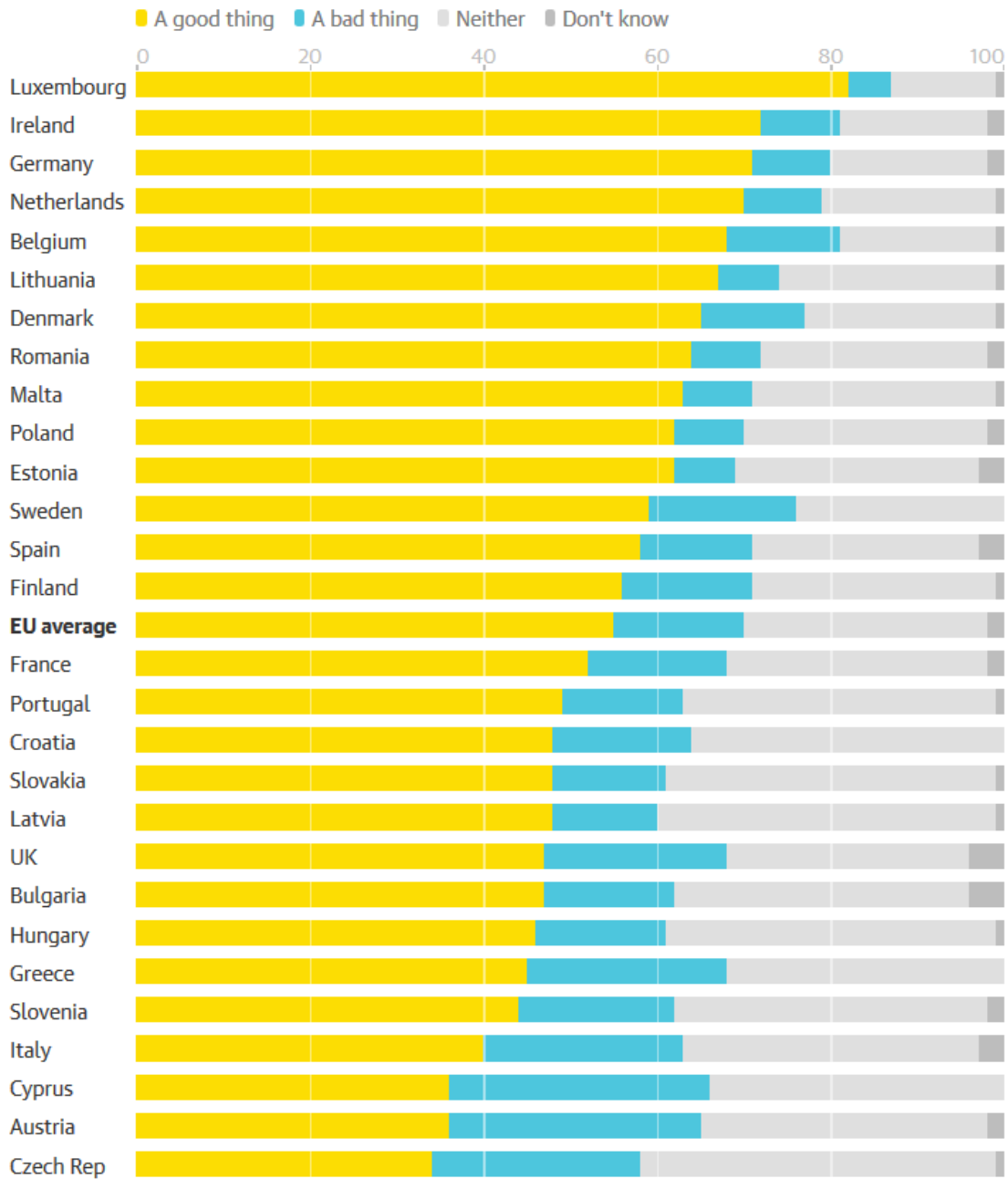
- More Europe: deeper integration
 - More common institutions, Europe as a unified actor
 - Macron's letter?
- Conservative approach: keeping status quo
 - Provide time for consolidation and stabilization
 - Gradual muddling through and evolution will mitigate current troubles
- Less Europe
 - Europe as a customs union or an FTA?
 - Europe as a set of completely sovereign states only collaborating e.g. on important security issues?

A survey of 10,000 Europeans across 10 countries by Pew Research in 2016 found that a majority of people felt unfavourably towards the union in Greece (71%) and France (61%).

Percentage agreeing with each description



Is EU membership good or bad for your country? Percentage responding



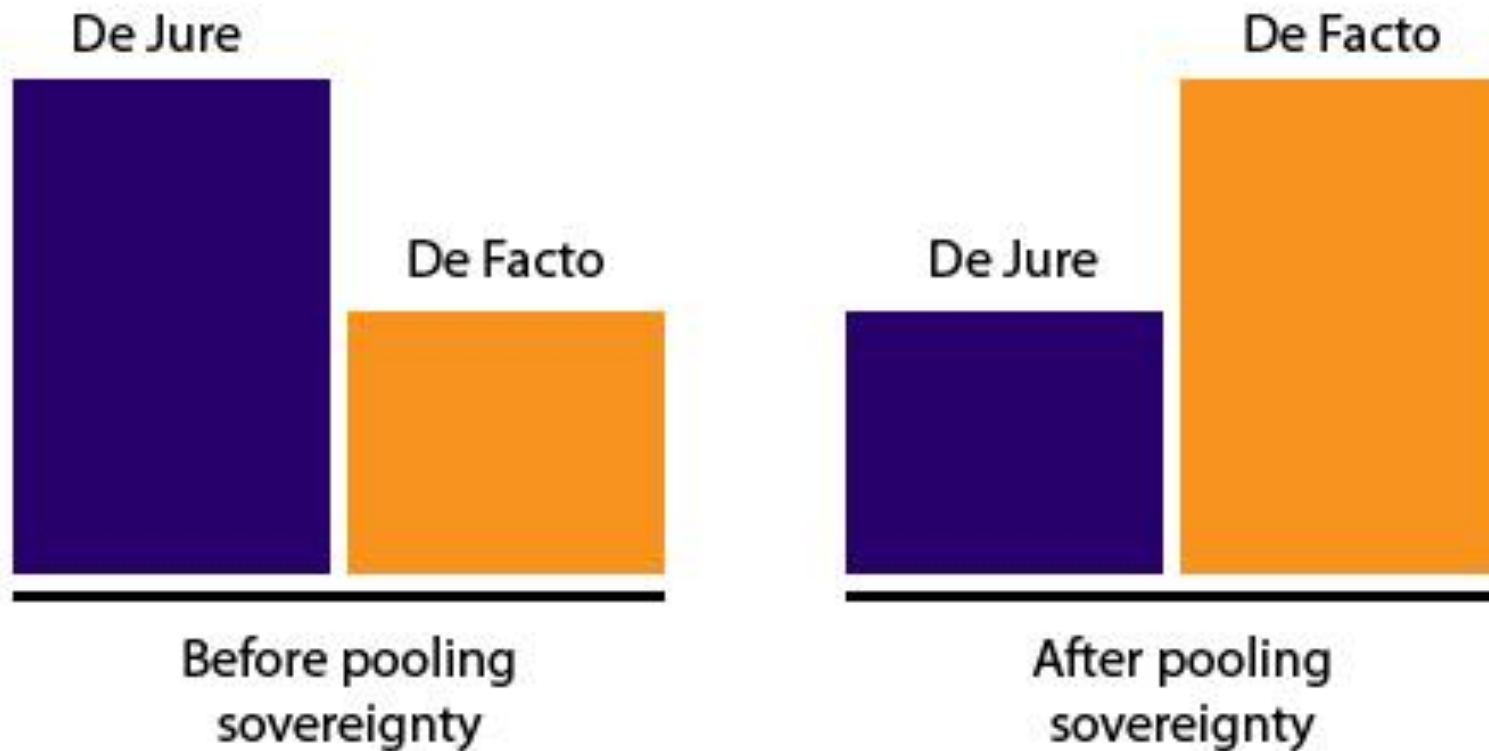
A Few Aspects to Consider...

Factors to Consider

- On the one hand:
 - Less integration does not necessarily mean more sovereignty
 - Global environment is changing – it is likely to be more hostile for small states
 - Increasing importance of (economic) nationalism
 - Lower probability of the survival of the rule-based international system
 - Ability to achieve significant reductions in trade barriers imposed by other countries can be limited for small nations (ROO vs. GVCs)
 - Efficient application of some economic policies requires coordination

Integration and Sovereignty

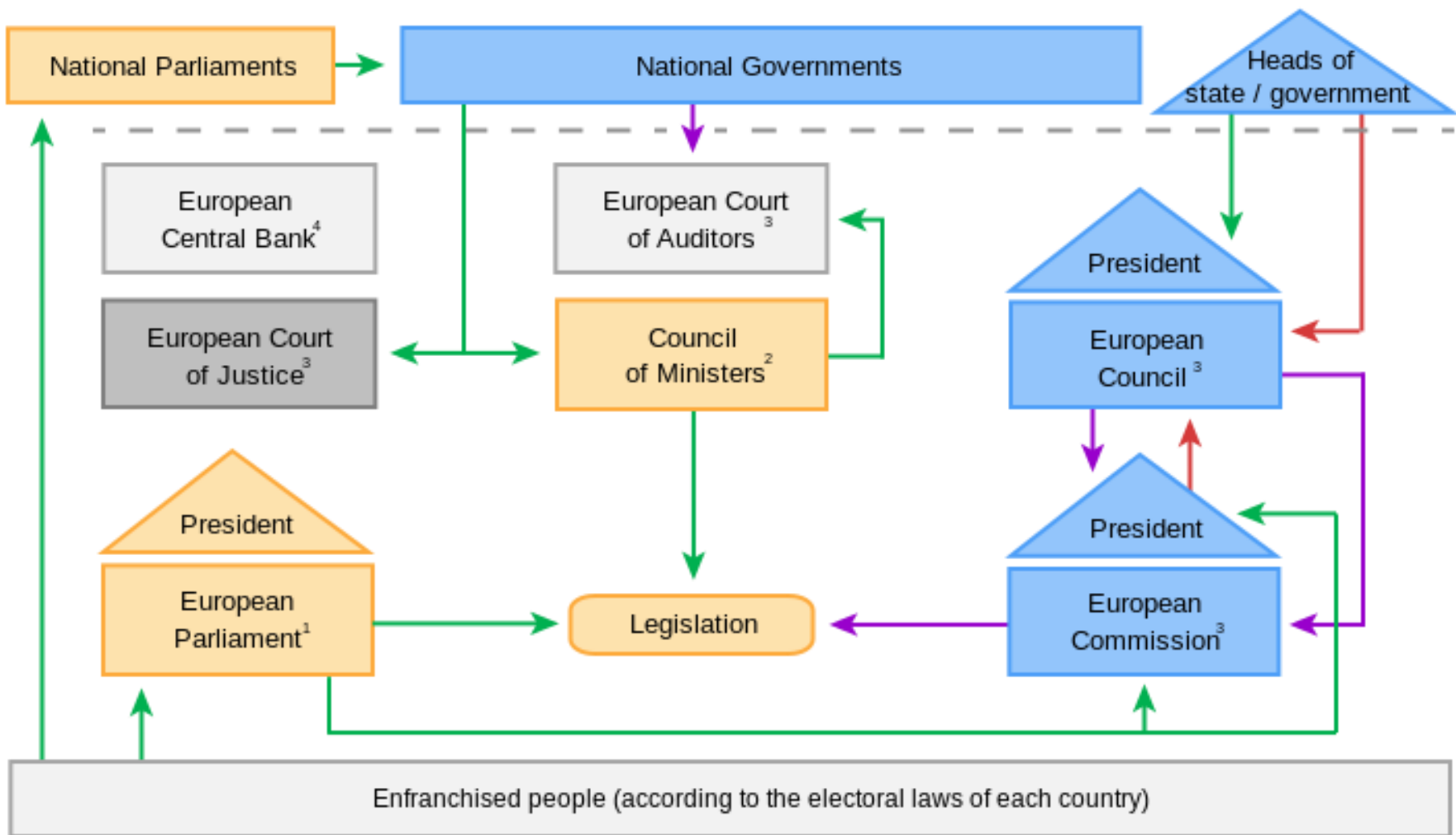
Sovereignty levels



Source: <http://hum.port.ac.uk/europeanstudieshub/learning/module-4-theorising-the-european-union/intergovernmentalism-and-supranationalism/>

Factors to Consider (2)

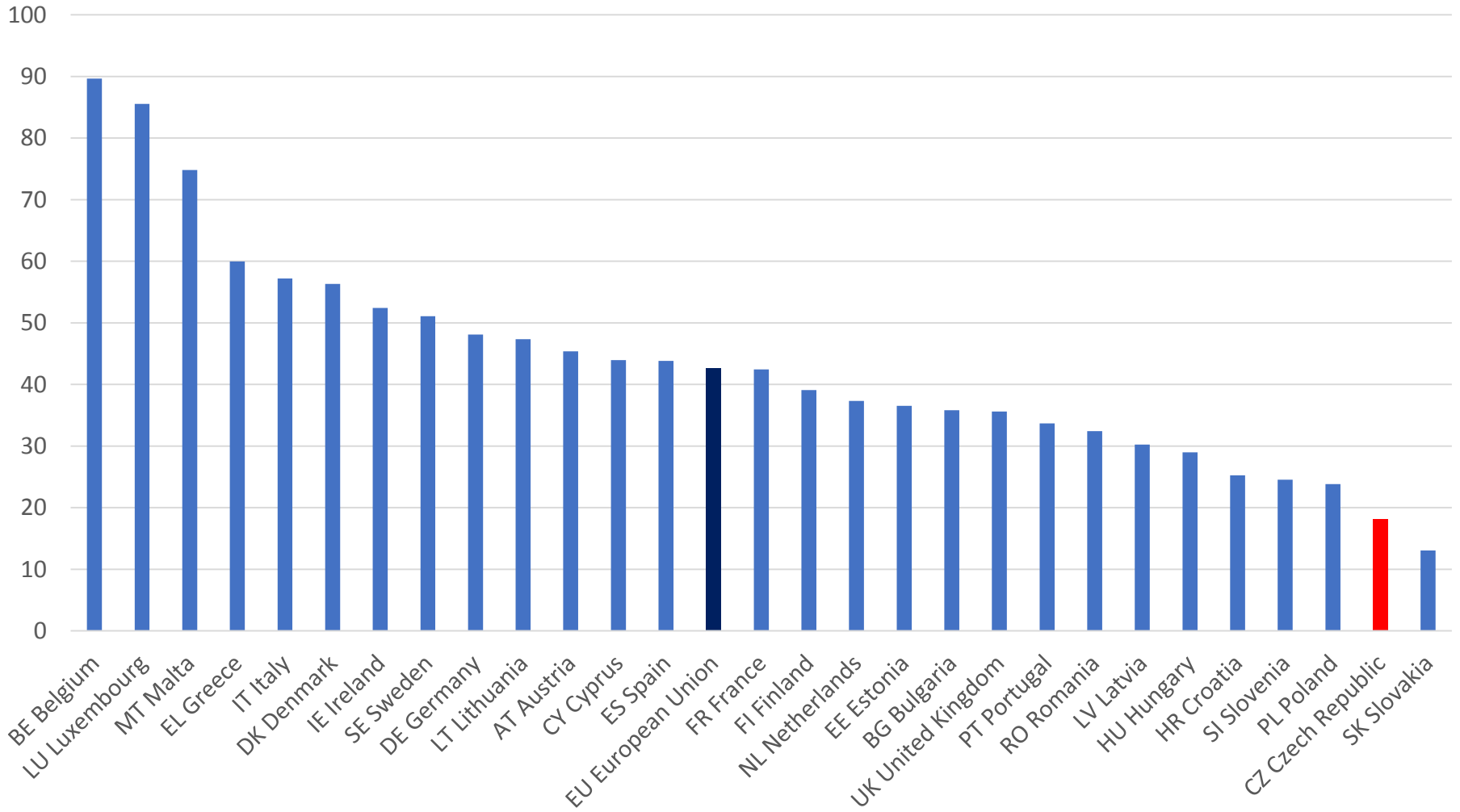
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- On the other hand:
 - Excessive complexity might have negative effects on voters' ability to understand the system



- Legislative branch
- Executive branch
- Judicial branch
- elects / appoints / decides on
- membership
- proposes

- 1: Elections are every 5 years. The right to vote may be different depending on the country
- 2: State chamber. Convenes in varying composition depending on the policy area. Each country is represented by one member per department
- 3: Each country is represented by one member
- 4: The European Central Bank is composed of representatives of the national central banks. Its Board is elected by the European Council on the proposal of the Council of Ministers

EP Elections: Turnout in 2014



Source: <http://www.europarl.europa.eu/elections2014-results/en/turnout.html>

Factors to Consider (3)

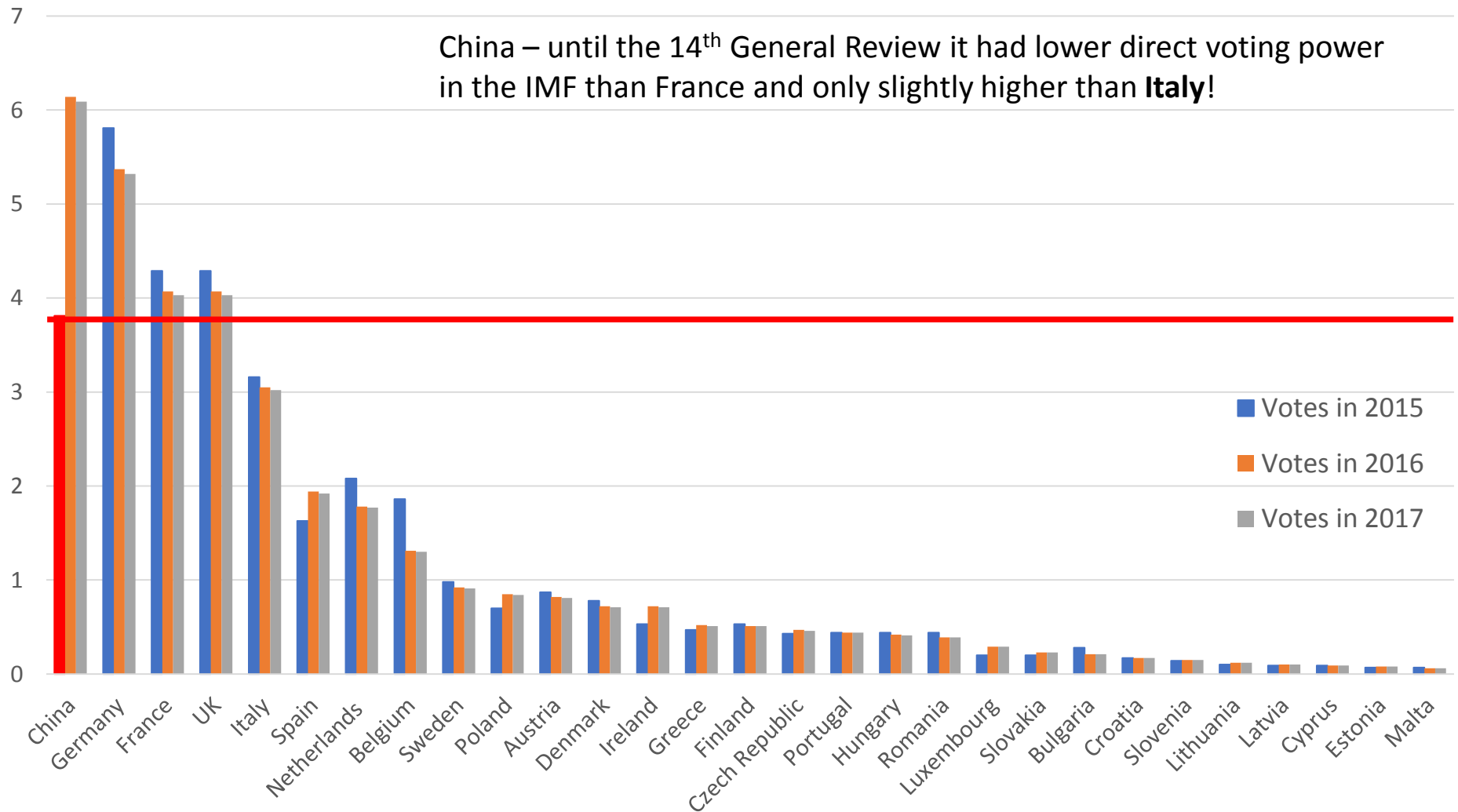
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- On the other hand:
 - Excessive complexity might have negative effects on voters' ability to understand the system
 - Moral hazard games played within the EU, rent-seeking activities motivated by the EU
 - Dangers of creating a “closed hierarchical system” (Mlčoch)
 - EU is clearly often unable to efficiently utilize its current capacities

Voting Power in the IMF and UN v. Economic Reality?

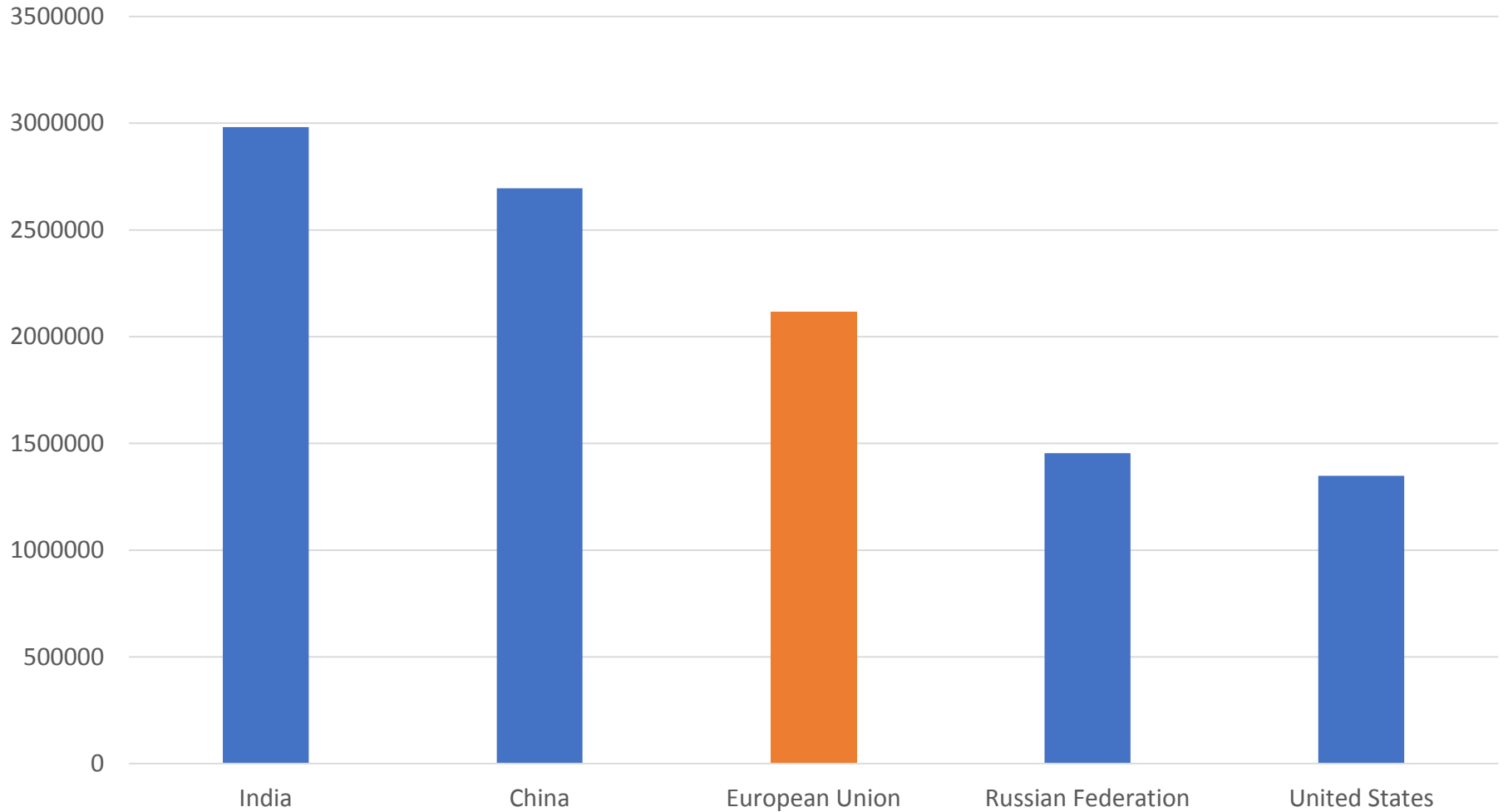
Country	Votes in IMF, 2016 (% of total)	Chairs in U.N. Security Council 2016	Share of global GDP in 2014 (%)	Share of global population in 2014 (%)
USA	16.66	1	22.4	4.4
EU 28 (sum of votes of all members)	29.87 (+ IMF boss)	2 permanent + 1 non-permanent	23.7	7.0
Japan	6.21	0	5.9	1.8
China (P.R.C.)	6.14	1	13.3	18.8
India	2.66	0	2.7	17.8
Russia	2.61	1	2.4	2.0
Brazil	2.24	0	3.0	2.8

China – until the 14th General Review it had lower direct voting power in the IMF than France and only slightly higher than Italy!

IMF Votes: China v. EU Countries 2015-2017



Armed Forces: Total Personnel



Source of data: WDI

Summary: Reasons for Deeper Europe

- International relations: the need for Europe as a unified actor
 - Ability to fully use EU's fragmented power
 - The biggest barriers
 - Preference for bilateral relations
 - Position of strong players (Germany, France)
- Trade relations: a strong supporter for the current trade system is needed (or at least EU-wide alternative)
- The need for better coordination of economic policies
 - Fiscal policy
 - Efficient and automatic cross-border flows useful for common monetary policy
 - Security issues
 - Pooling of resources, specialization
 - Improved ability to act as a standards- and rule-setter at international stage