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## Has European Integration Gone Too Far?

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*Marco Zanni*

Good morning everyone! It's always a pleasure to address such an audience. It's the third time I have participated in a conference organized by the Schiller Institute, and it's a really nice experience.

Today, as Stefan said, I'm here to talk about the future of the European Union, and the question that I would like to pose today is a very important one. Last week on

Thursday and Friday, we had a European Council meeting which showed clearly that European countries are divided and are no longer able to make progress concerning the future of the European Union. There is no agreement on immigration, there is no agreement on the future of the Eurozone, and the only thing they have agreed upon is to keep to the status quo and kick the can down the street. That is becoming the main policy of the European Union. So, this question is very important to address, because people are getting angry with the failure of the European Union and the European institutions to solve the three main problems that they are facing today.

### **Europe's Failure to Solve Three Problems**

First, the economic crisis is still ongoing in a lot of countries: Europe has one of the worst records of per-

formance, in terms of economic growth, among the larger countries, or groups of countries, in the world. Second is the problem of internal security. People all over Europe are getting anxious about the lack of security we are experiencing in our cities all over Europe. The third big problem is the management of the flow of immigration into Europe. The impact of uncontrolled immigration into Europe has been very strong in the past years. The European Union has been largely ineffective in addressing this problem and in helping African and Middle Eastern countries in solving their problems. Europe has failed to improve conditions back home for those trying to reach the European Union, so that they would, instead, want stay in their home countries, having good opportunities there.

Addressing this, the European Union is sending a lot of money to those countries under what we call the Juncker Plan for Africa; it's a sort of financial engineering plan with a small amount of fresh money and a lot of financial engineering with fake money marketed around by the European Commission. On this point, the European Union should look at what the Chinese are doing in Africa and in other developing countries. Sending this money has been really ineffective for the European Union. We have not been able to create development in those countries. We have not created any value with the aid money that we sent to African countries.

The Chinese model, on the other hand, is very effective in its operation, because all the flow of money that the Chinese send to African countries, to Eastern Africa, to the Middle East, also to the Balkans, is strictly controlled by the Chinese government. And the results and the value that this money creates is strongly controlled by the government with a centralized strategy.

The European Union is delegating to private companies the management of the foreign aid to African countries, so we don't have control of the money that we send to Africa; we don't have the tools to control the effectiveness and the results in terms of growth, employment, and creating value for those countries using the money of European taxpayers. So, our policy in helping those countries is really ineffective. We should look at the Chinese model in order to eradicate the problem of immigration flows at the source.

On the economic crisis, it's pretty clear that the policies that the European institutions have pursued in the last seven years from the start of the Eurozone crisis in 2010, have been ineffective in restoring growth and

employment in the Eurozone and in the whole European Union. Those mistakes created not only macroeconomic imbalances in the European Union, but they created strong divergence and balkanization of the European Union member states. What happened last week at the European Council—freezing all discussion about the future of the European Union, because there is no agreement and there is a lack of trust among the European countries, is a sign that we have to think about or rethink the cooperation among European countries.

It's pretty clear to everyone, not only in the European Union, but also outside the European Union—and I will talk later about the approach of the new U.S. administration toward Europe—it's pretty clear that Europe is divided. Europe cannot go on with forced integration that is being refused by the European people.

### **Has Integration Gone Too Far?**

So, that's the main question of my speech: "Has integration gone too far?" And my reply and my thought about this question is "Yes". This forced integration is disintegrating Europe and European values, the European economy, and Europe as one of the most important contributors to the growth of the world economy and to civilization in the past centuries.

So, the big question that European leaders have to answer is, "Are we able to rethink and create a different institutional framework based on different values that could restore prosperity, cooperation, and solidarity in Europe?" That's the big question. It's clear that the actual institutional framework centralized in Brussels and in the European Union institutions—the commissions especially—is not succeeding in addressing the problems that European citizens have. It's clear that this fragmentation and the balkanization in the interests of the European Union are creating a huge problem for the stability, not only of countries that are still affected by the economic crisis, the so-called PIGS [Portugal, Italy, Greece and Spain], but of the whole European Union, including the countries that are considered positive examples and the winners in European integration.

The references to Germany are very strong; there is much talk about Germany vis-à-vis what is happening, and the lack of a sense of legitimacy of the European Union and the European Union institutions right now. The Chancellor of Germany has been, for years, the symbol of the unity and the values of the European Union, and has been seen as one of the stronger leaders in the European member states. The difficulties that the

Chancellor, Mrs. Merkel, is experiencing now, are the result of the wrong policies that she backed, and pursued, at the European Union level, not only on immigration—that probably today is the main issue debated in Germany—but also in fostering and feeding a wrong economic model on which the Eurozone is based.

This economic model is really fragile and is not sustainable. Why? Because it's too dependent on external factors. Our economy in the Eurozone is based on reducing internal costs—inflation and labor costs—to export our products outside the European Union, outside the Eurozone. So, we are supposed to pursue a larger external surplus in order to feed the economy at home. But this strategy is falling apart today because it is too dependent on the premise that external or third countries outside the Eurozone will absorb such a huge external surplus.

This is what is happening not only with the Trump administration, but with the United States. From the time of the Obama administration, the United States started to question the large external surpluses of the Eurozone and of Germany. So, the economic model on which the Eurozone is based, is too dependent on the decisions of third parties, of countries outside of the Eurozone. It's clearly not sustainable.

What about security? This is another very important problem that we are living with, in the European Union. Also, on this point, the European Union is too dependent on the decisions of third countries; NATO, the North Atlantic Alliance, is led by the United States in terms of investment in military capacity and in security. The European Union is not able, and has not been able, to build up a common military capacity, or to contribute its share to defense, to NATO. We are still too dependent on the United States for military defense—on a government that we do not control.

On the management of immigration flows, we are still too dependent on the decisions of, and the ability to make good agreements with countries in Africa and in the Middle East.

So, it's clear that the strategy the European leaders have pursued in the last seven years has been a total failure in addressing the three main issues, because we are too dependent on external decisions.

This situation should end very soon, because the po-



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*At the G-7 summit, European leaders Theresa May, Emmanuel Macron, and Angela Merkel face President Donald Trump (seated).*

litical unsustainability of the framework on which the European Union is based, is totally wrong. We have to change the framework, and look instead for a form of cooperation—not just thinking about the composition of the European Union (the 27 member states that from March 2019 will be part of the European Union), but seriously considering the development of an alternative framework that could put the European Union on a positive track towards growth.

### **Europe as a Bridge**

Regaining the geopolitical importance that Europe had in the past should include the role that the European Union and Europe as a bridge between the United States—the traditional international power that shaped all the international institutions in the 20th Century—and the rising power on the eastern side of the globe, China. Europe, if it returns to real economic growth, will regain a role as a connector between the new rising powers in the East and the new approach that the Trump administration has begun in international relations. Thanks to the approach that Mr. Trump took in recent G-7 meeting, with the new Italian Prime Minister [Giuseppe Conte], Italy has regained a geopolitical importance in the international debate.

Before the European Council meeting and other recent international meetings that the new Italian Prime Minister has participated in recently, many people said that due to the radical approach of the new Italian government, Italy would be isolated by the other countries. But the reality is that, thanks to the support of the United States, to the openness of the United States to the at-

tempt to create a strong relationship also with China, and thanks to our Undersecretary of Economic Development, who has strong experience in China and in Chinese relations, Italy is regaining geopolitical importance in shaping the future of Europe.

### **A New Institutional Framework**

We need, however, a new institutional framework that will shape a new era for Europe, a new era that is no longer based on centralization, on decisions taken by unelected bureaucrats in Brussels and by the European Central Bank. We need a new institutional framework that is respectful of the differences that the 27 member states of the European Union have. They are not only differences in the way in which we see and look at the economy and economic development; but they are also differences in political system, in the cultural systems that we have at the European Union level and in the member states.

So, the new institutional framework, if Europe is to survive this crisis, should be based on more subsidiarity. We should ask ourselves, “What is the common ground that we have today in the European Union and Europe? What are the common things that we can promote, for the common benefit and the mutual benefit of the European countries?” And on the other hand, “What are the topics on which the differences are too wide, in which the divergence is too big, and on which it is impossible to find common ground and agreement that can satisfy all the European countries?”

With more subsidiarity, while returning some competencies and powers to the national capitals, Europe can survive and can regain a path of growth and regain its role at the center of the geopolitical debate as a connector between the new U.S. approach to the international institutions and the rising powers in Asia and the Middle East. The work that the Italian government is trying to do in shaping this new institutional framework will be very important as an example to other European countries that want to pursue the same way.

### **Prospects After 2019**

With this view in mind, what could happen after 2019? The year 2019 will be very important for the future of Europe and the European Union. In May we will have new elections for the European Parliament; so the European Parliament Assembly will be renewed. As you may know, the European Union institutions are mainly three: the European Council (the Council of the European Union); the Commission; and the Parliament.

We have member states, we have the Commission which should be a sort of executive, and we have the Parliament.

Today, the European Council has changed its view on the future of the European Union. With the Italian government, with the new Austrian government, with other governments with new parties joining the European Council, the approach on the future of the European Union will be more based on subsidiarity, on the defense of the interests of the European people, and on finding common ground on things that we can do better together. But after 2019, we will have another institution—the European Parliament—that will foster a change in European politics. We will probably have three big political families in the next European Parliament: From the one side, the traditional parties that are falling apart in terms of consensus and voters with a socialist orientation, will probably disappear. In the center, we will have this faker Macron who is supposed to be the new leader of European integration, the new leader who will bring Europe into a United States of Europe. Macron’s power is falling apart in France; he is having grave difficulties domestically and he has no support in the Council for his proposal for reforming the European Union. On the other side, we will have a stronger group, even stronger than today, of the so-called euro-critics who will shape strongly the politics of the European Parliament.

If Europe wants to be saved, then we have to change radically our institutional framework, with no more centralization in Brussels, with no more decisions and economic systems focussed on the needs of the big banks and the City of London, but a cooperative system that is respectful of the differences of the national states, of the spaces of democracies, and of the decisions and willingness of the European people. Europeans don’t want to have a United States of Europe. They just want to have equal cooperation among European nations and sovereign states, in order to bring more prosperity to Europe and the world, and to solve the three main problems that they are experiencing today that I mentioned earlier in my speech.

### **Conclusion**

My hope is that in the near future, other governments will join the new Italian government in this effort to reform Europe with more equal, stable, and solid institutions. Without this reform that we strongly need, the European Union is condemned to failing and creating a huge geopolitical crisis at the heart of the world.

Let me conclude by saying that our Europe will reform in that sense, or the European Union will be finished and European countries will be affected by a new crisis that will be stronger than the one that we experienced after 2010. Our system is dysfunctional; our system is unequal and is fostering divergences and imbalances inside Europe. We have to change it. My hope

is that we will be able to change it very quickly. If not, the European Union will finish very soon in a disorganized way, creating huge suffering for the European people. But I am confident that new politicians and new parties rising all around Europe will be able to change it as soon as possible.

Thank you very much.