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A SYMPOSIUM OF VIEWS

# Europe *Ten Years* From Now



**What are the chances the structure  
of the European Union as we know it  
will still largely be the same?**

***TIE* asked eighteen  
distinguished experts.**



75 %

**SAMUEL BRITTAN**  
*Columnist, Financial Times*

**A** member of the former BBC Brains Trust (C.E.M Joad) used to reply to every question with, "It all depends what you mean by X." I could reply that it all depends on what you mean by "structure" and "same." Anglo-Saxon observers often underestimate how long EU changes take; but they also underestimate the extent to which European governments eventually follow pre-announced schedules and decisions, if only because they are too exhausted with paperwork to do anything else.

Ten years ago the one foreseeable development was the single currency (the euro). This has indeed happened

but it has done nothing to energize the European economy; and some would argue the reverse.

There is no such project now on the horizon. The key features of the European Union are the single market, achieved if imperfectly; the absurd agricultural policy, and the ossified labor market. I am afraid that the last two will take more than another ten years to disappear, although I have some hopes of the newer members kicking against the traces. The so-called "Constitution" does nothing to define precisely the respective spheres of governments and EU institutions. So whether or not it is ratified, the arguments between the federalists and proponents of a Europe of nations will still be raging. The European Union will be neither a proper federation nor an alliance, but a limping confederation as it is today. The EU Parliament will continue to boast of "achievements" such as workers' safety regulations, car seat belt rules, and a ban on tobacco advertising which in the United States are (mostly) left to individual states.

The one foreseeable political development is more attention to an EU defense force and EU foreign policy. But this will still only involve the "willing" in each particular operation and is unlikely to be big enough either to challenge or to help the United States.



1-2 %

**GEORGE SOROS**  
*Soros Fund Management*

Almost impossible.



90 %

**OTTO GRAF LAMBSDORFF**  
*Honorary Chairman, Free Democratic Party, Germany*

**I** am quite confident (90 percent) that the structure of the European Union will—and should—largely remain the same within the next decade.

Today's structure, though not perfect in terms of its insufficient transparency, creeping enlargement of competences, and red tape, has served its two main purposes: peace and economic prosperity. Considering Europe's history, this is an achievement that cannot be underrated.

I doubt that today's challenges, namely the integration of the new member states and Europe's citizens, can be facilitated with new structures. We should therefore abstain from pushing for new structures and rather confine ourselves to consolidating what we have created so far.



*Largely the same but  
with a new federation  
of five.*

**JACQUES ATTALI**  
*President, PlaNat Finance*

**T**he European Union will be largely the same as today. The Constitution will not pass. A stronger integration will begin between France, Belgium, Germany, the Netherlands, and Luxembourg out of the European Union. The process of merging of these nations—in politics, defense, and finance—will be "en route" towards a federation of five.



*The real issue:  
unless Turkey is  
allowed in, the EU will  
not deserve to survive.*

**NIGEL LAWSON**

*UK Chancellor of the Exchequer, 1983–89*

The European Union has already achieved the first two of its three historic tasks: Solving the German problem, in particular burying the hatchet between Germany and France; and cementing the position of the former subject nations of Central and Eastern Europe as part of the free world. Only one historic task now remains.

Unless within the next ten years Turkey has become a member of the European Union, thus building a vital bridge between the West and modern, secular democratic Islam, the European Union will not deserve to survive.



**1-2 %**

**DAVID C. MULFORD**

*U.S. Ambassador to India and former Undersecretary of the U.S. Treasury for International Affairs*

There is virtually no chance the structure of the European Union, as we know it today, will be the same a decade from now. The arrival of new members, the ongoing attempts to negotiate a changed structure, and the chance of growing resistance to centralization will all ensure significant change.



**1-2 %**

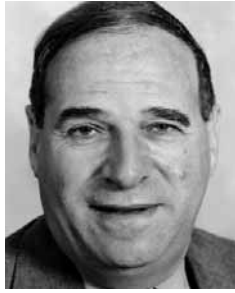
**C. FRED BERGSTEN**

*Director, Institute for International Economics*

There are likely to be two major structural changes in the European Union over the next ten years, one internal and one external.

The internal change is likely to be a return to a “multi-speed” Europe paradigm in which different subgroups of members move ahead at different speeds on specific issues. Such a trend is already discernable in the creation of the euro (which three members, including one of the largest, opted out of), and the Schengen Group to consolidate border controls. It is virtually certain to expand further in light of enlargement, because some of the new states will be both unqualified for most deepening initiatives and largely irrelevant to them.

The external change is likely to be EU representation in most international institutions, particularly on economic topics (despite the return to “variable geometry” on other issues). The international role of the euro will probably equal (or exceed) that of the dollar by 2014 and Euroland, which will probably include all members by then, will insist on a commensurate voice in international monetary decisionmaking. This will require them to consolidate to a single seat at a revitalized G4/5 (including China and perhaps India by then, along with the United States and Japan) and the Executive Board of the International Monetary Fund. It might also do so at the World Bank and regional development banks if the European Union consolidates its foreign assistance programs as part of a unified foreign policy. Such representation will also facilitate the creation of a “monetary G2” between Europe and the United States to informally steer the monetary system, much as the “trade G2” between them has informally steered the trading system for the past forty years.



*The fundamental structure will remain the same.*

**LEON BRITTAN OF SPENNITHORNE**  
*Vice Chairman, UBS Investment Bank*

I believe that in ten years from now the basic structure of the European Union will be as it is now, except that the changes introduced by the new Constitution will have been implemented. Either the current draft will have been agreed and ratified by the Member States or it will have been amended first, but only to a modest extent, because of pressures in particular member states. The Constitution will make important changes to the workings of the various EU institutions and the balance between them. But the current fundamental structure will continue to exist.

**50 %**

**SYLVIA OSTRY**  
*Former Canadian sherpa and Deputy Minister of Trade*

I would say the chances that the structure of the European Union will remain the same a decade from now are 50 percent. The determining factor of an old-new split would be the international policy of the United States.



**95 %**

**RICHARD COOPER**  
*Maurits C. Boas Professor of International Economics, Harvard University*

The answer hinges on the exact meanings of “structure” and “largely the same.” The European Union will continue to evolve. With twenty-five members and still growing, it needs to modify its system of voting. But the fundamental structure—a treaty-based economic union among independent states with loose coordination of foreign policy—will remain unchanged with 95 percent probability.



*Very high chance it stays the same.*

**GEOFFREY BELL**  
*President, Geoffrey Bell and Company, Inc., and Executive Secretary of the Group of 30*

There is very high chance that the institutional structure of the European Union will not change much over the next ten years. Of course, there will be tensions between “old Europe” and the new entrants, but muddling through will be the order of the day.

The euro area will be much bigger and will play a more important role in international capital raising and reserves management. However, the management of one currency and one interest rate to cover a vast single market and with disparate economies is not going to be easy. Still, I cannot see anyone dropping out of the euro over the next ten years.



80 %

**RENATO RUGGIERO**

*Former DG of the World Trade Organization, former Foreign Trade Minister and Minister of Foreign Affairs of Italy, and Chairman of Citigroup in Switzerland*

I believe that in ten years time, the structure of the European Union will be largely the same (80 percent). But there will be some important differences in both the number of members and in a differentiation in the degree of members' participation in the policies of the European Union. For instance, foreign security and defense policies will make significant progress with the participation of the UK government. But it is possible that the United Kingdom will continue not to participate in other important policies of the European Union. There will continue to be a core group leading towards progress. The political dimension of the institutional structure of the European Union will be increased, especially in its external role.

Small groups of members sharing common interests will organize themselves in order to become an informal but important part of the decision making process.



1-2 %

**JOHN M. HENNESSY**

*Former Chairman and CEO, Credit Suisse First Boston*

The die was cast several years ago when the European Union (mainly France and Germany) decided in favor of "broadening" instead of "deepening" the European Union. If they had followed the latter course, bolstering the EU institutions and building a strong, centralized, transparent, credible executive in Brussels step-by-step over ten or more years, the Federalists would have then been able to incorporate new states into such a Federal system.

Now it is too late. Ironically, Margaret Thatcher has won thanks to the UK Labour party. The European Union now and in ten years will have to be a loose grouping of member states if it is to function at all, and it will be without a strong centralizing authority or a common foreign and defense policy. By trying to achieve world power status through the European Union, France adopted the Trojan horse of "broadening" and now will clearly be, at best, "e pluribus unum."

Viva Margaret Thatcher.



*The EU will remain its same stagnant self.*

**HORST SIEBERT**

*President Emeritus, Kiel Institute of World Economics, and Steven Muller Professor, Johns Hopkins University Bologna*

The European Union will continue its slow but continuous process towards integration. The Constitution, agreed upon in June 2004, will have been ratified by the member states, including the United Kingdom.

The European Union will be enlarged, as most of the successor states of former Yugoslavia will have become new members by then. For Turkey, a special partnership is being developed so that it will eventually become a quasi-member. Special arrangements for integration will also apply to the Ukraine, Belarus, and Russia.

Germany, the European Union's largest economy, will have addressed some of its structural problems after a strenuous political process, but as a mature economy its growth potential will not surpass 2 percent.

Aging will start to have a negative impact on the German economy (through a reduced labor supply) as well as the Italian economy.

In terms of economic strength and vigor, the European Union will have failed to reach the Lisbon target to make Europe the most dynamic region of the world economy.





*Seventy percent, assuming the Constitution is ratified.*

**DANIEL K. TARULLO**

*Professor of Law at Georgetown University and former Assistant to the President for International Economic Policy*

Assuming the new EU Constitution is ratified, the chances of further major structural change in the next decade seem modest—no greater than 30 percent. That is not to say that further change is unnecessary, only that EU political leaders will be hesitant to repeat so soon the enormous drain of time and political capital the constitutional effort has required. If ratification fails, the chances of structural change—probably messy structural change—rise dramatically, perhaps to 75 percent, because the European Union would (a) still have its current, unwieldy governance structure; (b) with differences over the nature of the European Union sharpened by failure; but (c) without a ready compromise in the form of a negotiated constitution.



*The EU will be significantly different.*

**MICHAEL CALINGAERT**

*Visiting Scholar, Center on the United States and Europe at the Brookings Institution*

The overriding themes for the European Union in the coming decade will be the absorption of new members and the ongoing struggle between the forces of supranationalism and intergovernmentalism. Economic integration will proceed, and increasingly serious economic structural reform will take place, impelled by fiscal and demographic reality. Internal pressures and contrasts among the member states will result in increasing differentiation: opt-outs in some areas, and in others ad hoc and formal arrangements among limited numbers of member states. Thus, while basic institutional structures will remain little changed, the European Union itself will be significantly different.



*5%*

**BERNARD CONNOLLY**

*Chief Global Strategist, AIG-FP Corp.*

The recent downgrade of Italy reaffirms that monetary union cannot work satisfactorily without full economic and political union—that was the message of the Werner Plan in the 1970s. But a full union will be impossible in the European Union: there are too many historical, philosophical, and geopolitical differences for the idea of a European demos to have any meaning. True, an undemocratic European empire would have no need of a European demos, and a movement towards some sort of empire looks the likeliest development for the European Union—possibly without Britain, the only non-core country with a genuine possibility of resisting.



*The EU will change for the better.*

**NORBERT WALTER**

*Chief Economist, Deutsche Bank Group*

In ten years Europe will have a membership of thirty countries, including Turkey. It will be the economically most powerful partner for the Middle East, North Africa, and Russia. It will command over an international Eingreiftruppe, or strike force, have a European foreign minister and an empowered European Parliament with faces known to the man in the street. The euro will be second to n(one). It will be the official currency for twenty-five members. Europe will rediscover family, religion, and growth, albeit only at par per capita with the United States and Asia. The Lisbon agenda of making the European Union the most competitive knowledge-based economy in the world will have proved to be a timely wake-up call.