

THE EU AT A CROSSROAD

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Undoubtedly, the EU currently faces multiple challenges. It will not be an exaggeration to say that in addition to euroscepticism we are also faced with populism which at times may lead to dangerous outcomes. Yet, despite much criticism on multiple themes, the EU remains one of the most desirable, if not the most desirable place, in the world to live in. Consequently, the critical approach that is expressed in this article has as a major objective to modestly contribute to actions which can make the EU an even better place, as well as an effective international political entity which inspires credibility and respect.

I divide the history of the EU into three periods. The first one from the Treaty of Rome in 1958 until the end of the Cold War and the reunification of Germany. The second one from the Treaty of Maastricht until the introduction of the Euro in 1999. And the third one from the beginning of the new 21st century until today.

The objectives set in the first period were more or less fulfilled. There was healing of past wounds, economic reconstruction was achieved, Western Europe had an unprecedented period of peace and prosperity and

the future seemed promising. The European Community by 1991 had become the European Union, Germany was reunified without war, the Soviet Union disintegrated and communism collapsed.

With the Treaty of Maastricht, a major goal was to achieve a common currency, the Euro. This objective too was implemented. It should be noted though, that there was a strong reaction by Britain, which opted to stay out of the Eurozone although it fulfilled the criteria. Some years later Greece became a member of the Eurozone, although it is still questionable whether it fulfilled the criteria. This was a time when there were voices from the Left throughout Europe that European integration was associated with social disintegration. It was during this time that there was also criticism for the architecture of the Eurozone. In the 1990's we also witnessed the violent disintegration of Yugoslavia. The EU could have played a more constructive role in this major crisis.

The record of the EU since the beginning of the 21st century had been more problematic. The economic crisis was not handled well. The policies of the Troika were unnecessarily harsh, creating more problems than those

resolved. In the cases of Greece and Cyprus, this harshness was unparalleled. And it would not be an exaggeration to say that there was no solidarity nor social sensitivity. That there was a need for economic restructuring and rationalisation there is no doubt about it. However, this could have been done with a lower social cost. After all, in both cases there were both endogenous and exogenous factors for the crises.

The Covid-19 crisis was an additional turning point for the EU. It was understood that the consequences would have been devastating if the EU insisted on the terms and conditions of the Stability Pact. In April 2020 at the Eurogroup meeting, decisions were made for monetary and fiscal easing. At the same time there was a statement admitting that the way the Eurocrisis was managed could have been better.

Brexit was another setback for the EU. During the economic crisis, several actors and analysts expressed the view that eventually Greece would withdraw from the Eurozone. This did not happen, despite the very harsh policies of the Troika and the heavy socio-economic cost imposed on the Greek people. Instead, we had Brexit. This was not a good outcome – neither for Britain nor the EU. It is essential to understand the causes of this development. Inevitably, these include British perceptions about the Union as well as the way the Eurocrisis was dealt with. Over time, Britain was an uneasy partner; at the same time though a useful one. It is not a positive development that today in Germany part of the population considers the withdrawal of the country from the Union as an option.

One can also raise the issue of the immigration crisis. Most people feel that this issue is not addressed in the best possible way. And inevitably this leads to socio-economic and political repercussions.

The war in Ukraine was a great setback for the EU. The EU today has less security and less prosperity. I have no doubt that the Russian invasion and the war could have been prevented. With strong European leadership, an agreement could have been reached, which would have been much better than the current situation. Such an agreement could have taken into consideration the security concerns of all parties involved.

At the same time, I cannot avoid the temptation to mention that the EU fails to adopt the same standards in relation to the Russian invasion of Ukraine and the continuing Turkish

occupation of the northern part of Cyprus. We should recall that the Republic of Cyprus is a member state of the Union since May 1, 2004.

Given the relevant developments, what are the issues that the EU is facing?

- 1) It is essential to think about a new socio-economic model which provides more opportunities to people and also reduces inequality between and within countries.
- 2) There is no doubt that an environmental policy is imperative. Nevertheless, given that the transition to the green economy entails a huge transaction cost it is essential to revisit how this will be promoted in the best possible way. Indeed, the hastiness to replace hydrocarbons without socially balancing acts may prove counterproductive.
- 3) The EU should reassess the dilemma between deepening and widening. The answer to this dilemma depends on the priorities of the Union.
- 4) It is of utmost importance to think about a new European security architecture. Given that the geographical position of Russia cannot change, eventually this issue must be addressed accordingly.
- 5) Immigration is a complex issue and requires a comprehensive policy approach. At the same time, it is important for the EU to consider ways which would lead to the reduction of migrant flows. Indeed, peace, reconstruction and development in Africa and the Middle East would be major strategic steps in the right direction. The challenge for the EU is to find ways to contribute toward this desired outcome.
- 6) The EU has been facing issues relating to democratic deficits. It is essential that these are addressed effectively.
- 7) Last but not least, it is important that the EU pays particular attention to issues of public accountability and legitimization.

Indeed, the EU is at a crossroad. It must act in ways which reestablish its vitality and credibility internally and externally. ■