

## Some advice for the new MEPs

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After such a dismal campaign, it is tempting to advise incoming MEPs to stick to low-key initiatives. If you can't grab the electorate's attention with the big issues, then the tip might easily be: focus on the little things like standardisation of mobile phone chargers or labeling of food products. Legitimacy can perfectly well be 'bottom up'.

They will not have this luxury. Over the next five years, the European Union will have to come up with answers to questions of a different order. Three tests await it.

The first test is economic. Whenever member states prop up specific sectors or dish out aid to individual companies, they are dismantling the single European market. The same banks which yesterday vaunted their international outlook have now twigged how much their survival depends on help from national budgets. Several of them have, willy-nilly, retreated home, while others continue competing on a European market distorted by the lack of harmonisation of national aid. The stress tests designed to gauge the health of financial institutions are being carried out at national level, not at European level. There is no doubt that the results of these tests will be hard to compare across countries. As for the vehicle industry's problems, they too are dealt with at national level in order, explicitly or implicitly, to keep the maximum number of jobs at home – to the detriment of neighbouring countries. This was the case for Renault and Peugeot yesterday, for GM's subsidiaries today, and it will certainly be the case for other companies tomorrow.

Of course there is no iron-clad rule according to which these problems have to be tackled at national level. In the 1980s, restructuring of the steel industry was largely piloted from Brussels although the job threat was just as great and, the European Coal and Steel Community notwithstanding, economic integration was less advanced. Europe today risks pulling the carpet from under its own feet and depriving itself of one of its vital assets in a globalised world.

This is where the second - political - test comes in. In the mid-1980s, at the instigation of Jacques Delors, the federalists seeking deeper European integration did a deal with the liberals who wanted to trim big government. The alliance worked well until the start of the noughties as both factions, for their different reasons, bashed the nation state and each used the other to achieve its ends. Then the arrangement got out of joint with the wilting of federalism and Europe has since looked increasingly like a liberal endeavour. In the current climate where liberal models are being questioned and the role of the state reassessed, this risks being perceived as a cause of the problem rather than as the solution.

The response is obviously to redefine government intervention but at the European level. This is, for example, the nub of the issue for banking and financial supervision. But advocates of European solutions will be faced with a common front of nationalists and liberals. They will need political imagination, because their cause is by no means guaranteed to find adequate political sponsorship.

The third test is functional. The European Union has not exactly covered itself in glory in the way it has handled the crisis. With the exception of the European Central Bank, Europe's institutions took a long time to snap out of their pre-crisis rhythm. At the height of the bank scare, it was the French presidency which orchestrated the largely ad-hoc response. And faced with the eastern European crisis, the institutions seemed paralysed. In its defence, it must be said that Europe was not designed to manage crises. Whereas most nation states were built to make war and inherited from this real-time decision-

making capacity, the Union was predicated on rules and the eschewing of discretionary decisions. Europe has today been wrong-footed by the pace and unforeseen nature of the chain of events.

Here the answer is to enhance the governance of Europe. At present we have fair-weather governance based on the rule of law, while what we need is crisis-proof governance enabling action to be taken in exceptional times. In part, this is a question of behaviour. For example, even if it has no legislative powers, the Eurogroup of ministers of finance of the euro area had all the latitude to act, but that would require a change of attitude.

Bottom line: the best advice to Brussels-bound MEPs, and later to the new commissioners, is therefore not to be faint-hearted but to dare. Labeling can wait, history cannot.