

Framing EU Divergence

Multi-Tiered Rather Than Two-Speed

Thomas Aitchison

The euro zone crisis has led many Europhiles to predict the emergence of a “two-speed” Europe. While a division is a fair deduction, the EU should be wary of using or cultivating such terminology as it does not reflect reality and has damaging consequences. In fact, “multi-tiered” integration is more illustrative of relations within the EU; by chasing a two-speed framework, the EU runs the risk of poisoning relations within the union.

First, this paper initially looks at, and explains, the characteristics of the different forms of differentiated integration, as defined by Alexander Stubb. Second, with a particular focus on the wayward UK, it can be seen that framing the EU as two-speed can be extremely harmful to individual members. This is not to say that a two-speed Europe is unique to British retraction – rather, the UK’s shift is the best example. The UK’s veto in December 2011 that isolated it from the rest of Europe was reported on as the day Europe began to split, or at least when the UK started to become an outsider. Thirdly, the impact of this division on intra-EU relations is vital to understanding the implications of this vision. Finally, the last section analyzes the EU as an example of group and community decision making. By removing the personalities of EU nations, it can be seen that the concept of transnational communities built on consent and negotiation would be jeopardised if nations were forced to fall into two categories.

Using the correct terminology to describe the EU’s structure is crucial for three key reasons. First, it defines how the EU as a community deals with errant nations, and as such it determines the EU’s position between the carrot and the stick, between efficacy and size, and crucially between deepening and widening relations. Second, the different terms have very contrasting visions for the future of the EU. It is crucial to understand whether the EU is a static entity or one that is constantly evolving and whether the problems of integration are inherent or resolvable. Finally, phrasing with regard to EU structure ultimately has an effect on popular opinion in member nations, which in turn affects relations within the EU. Across all three categories, multi-

tiered strikes the best balance for all parties involved, whereas a two-speed alternative is extremely harsh on individual nations and undermines the image of the EU as accommodating. Too often, the media and commentators reach for hyperboles, and in this case a two-speed Europe seems to be just that. In other words, “a split need not be a disaster.”¹

Differentiated Integration Theory

Alexander Stubb, former Finnish Foreign Affairs Minister, MEP and Professor at the College of Europe, defines three different types of integration “multi speed, variable geometry and a la carte...time, space and matter.”²

(1) Multi-speed or two-speed Europe assumes that all participants pursue the same common objectives driven by a core of nations. The core consists of nations which are able and willing to advance at a quicker pace than the reluctant and less able ones. These theorists believe division is only temporary. This can be illustrated by the euro zone; Poland, Hungary, Sweden, the Czech Republic, Lithuania, Latvia, Romania and Bulgaria are all obliged to accede to the euro but lack the will and ability at present to do so. This type of integration also implies that a federal Europe is the inevitable goal. Yet this theory does not match reality; Denmark and the UK, for example, omitted themselves from the European Monetary Union (EMU), signifying that they have no speed at all. Classing Denmark and the UK in this way is not only inaccurate but unfairly attributes the negative inference that they are lagging behind.

(2) Multi-tiered integration also results in a core and a periphery but this theory acknowledges that division can be a permanent state. Unlike the two-speed theory, it argues that common objectives are “ambitious” and somewhat unrealistic and unattainable, and that the union should foster diversity. This allows for integration outside the body of EU law known as the *acquis communautaire*. It argues that the EU should and will always splinter into various foci; that there is no one center. This is evident in the Schengen Agreement on the free

movement of people, which was originally signed outside of the EU framework and only later incorporated. The acceptance that divisions are intrinsic to widening and deepening communities means that a core and periphery should not necessarily be feared but embraced and accepted.

(3) Finally, the *A la Carte* theory, although unrealistic, deserves unpacking. This theory professes that nations pick and choose what policy areas they wish to partake in. It differs from the multi-tiered theory because a nation can completely opt-out of a policy area rather than just decide the extent of involvement. It assumes that there are no common objectives, that integration is a means of advancing national goals, and that all nations possess the resources to refuse integration and *go it alone* – something which is debatable in smaller Eastern countries and increasingly so in larger ones. Very few argue that a pure *a la carte* member exists.

Therefore, the phrase “two-speed Europe” is ill-applied when talking about the fracturing of the EU, especially with reference to the UK. While the UK displays no intention of fully integrating in either the first or third pillar of EU policies, that is not to say it has shown no integration in these areas. Moreover, it is not just the UK; since the financial crisis, Euroscepticism has begun to foster across the Union, especially in eastern nations like Hungary.³ It is wrong to presume that states cannot become stationary peripheral nations.

Instead, the multi-tiered theory more accurately reflects the existing balance between federalism and independence, and if the EU wishes to further expand and/or deepen it will be more beneficial to use tiers rather than speeds. Reality has shown many cases of nations, even core nations, stepping outside the *acquis communautaire*, which demonstrates a fondness of nations to retain that flexibility of multi-tiered integration.

Individual Nations

The multi-tiered approach produces outcomes that are much less damaging to the interests of individual nations. The UK’s relationship with Europe, for example, can be called tentative or rebellious – either way, multi-tiered integration reflects the reality that the UK determines the depth of its integration. The UK is a revealing case due to its political, military and economic weight, as well as its relationship with

the United States.

Financially, London resides at the heart of Europe without being a member of the euro zone. While Europe would like to see its financial transactions move to the continent, achieving this by pushing for a two-speed Europe is dangerous as it runs the risk of forcing the UK out. The UK benefits from the Single Market and has made it clear that it does not want to

integrate monetarily, but London is an incredibly valuable asset of Europe as it “accounts for 36% of the EU financial wholesale market and 61% of the EU’s net exports in financial services.”⁴ The two-speed alternative would force the UK into stricter regulation, which it has made clear it will not permit since London would lose its centrality. It is estimated that without London the “cost of

financial services in the EU would rise 16% and EU GDP” would drop circa €25 billion.⁵ However, “the City’s worst fear is to see its gatekeeper position bypassed in what remains the world’s most important transcontinental financial relationship, between the U.S. and Europe.”⁶ For European leaders, London’s lack of financial regulation and permission to trade euro securities and deposits worries them, but lamenting the UK’s lack of “speed” in this policy area has only driven it away from negotiations; what is needed is a multi-tiered approach that does not present nations with ultimatums.

In terms of defense, the UK is central to Europe. A two-speed Europe assumes that one core is *the core* for all policies, but experience has shown that the economic core of Germany and France is far from the right mix. While Germany commits a large swathe of troops to missions under the EU’s Common Security and Defense Policy, “in detail Germany’s commitment is less obvious... Germany’s risk aversion approach towards military deployment” makes it incredibly hard for the EU to act effectively.⁷ In contrast, the UK possesses the will, expertise and military might to make it indispensable to a European defense core, as acknowledged by both France and Germany. If the UK is pushed out, France knows that it would undoubtedly have to carry the rest of Europe militarily for the foreseeable future as “there is a huge gap between the French and British on the one hand and the rest of the EU on the other.”⁸ Multi-tiered integration allows for the UK to remain “in” where it is needed as “it will be hard for the EU to rise to its potential on the world stage if geopolitically powerful countries such as Britain... are excluded from the core.”⁹

...the multi-tiered theory more accurately reflects the existing balance between federalism and independence, and if the EU wishes to further expand and/or deepen it will be more beneficial to use tiers rather than speeds.

Finally, Britain is America's bridge to Europe. Washington is happy for Britain to remain on the outside if personalities in Berlin and Paris remain the pro-transatlantic characters they have come to be. However, this has not always been the case, especially with France. Conversely, Britain remains the stable tie between the two continents, and "without UK leadership, the other Atlanticist EU countries, mostly new member-states in Central Europe, would have come under tremendous pressure from Germany and France to form a united EU front against the U.S.," especially in the wake of the Iraq war.¹⁰ If a two-speed Europe emerges and pushes the UK away from the core, transatlantic relations could suffer from fluctuations in personalities on the continent.

Intra-EU Relations

A two-speed Europe would also damage relations among states within the EU. By accepting a two-speed approach, EU summits become about ultimatums – a country has to commit to the end goal which is, more often than not, tilted toward federalism. While some EU members share this objective, attempting to coerce others into accepting this goal is counterproductive for the European project. If the core continues to be unyielding in the face of alternatives, it could lead to a precedent of forcing nations to the edge of the EU. Ultimately a nation's decision of whether to remain in the EU is its own; ultimatums are likely to make such a decision less autonomous. This situation is evident with the UK, whose "halfway in" approach to Europe has become increasingly untenable.¹¹

The attitude and relationship between nations is heavily affected when those nations in the core start pulling for a two-speed approach to situations. It is also an attitude which does not become the EU. France has demonstrated its disdain for nations that sit on the sidelines: [to Denmark] "You're an out [Denmark is not a member of the euro zone, although the Krone is pegged to the single currency], a small out, and you're new. We don't want to hear from you."¹² This form of hostility will pressure nations in two ways, either to the outside or further in. Following the UK's veto, the German Newspaper *Die Welt* led with the headline "Beginning of the end of Britain's EU membership," insinuating that a move to the edge could result in the UK leaving the EU.¹³ For some, the UK's veto was exactly what the core had wanted; it meant they could forge ahead with little obstruction. French diplomat Jean-David Levitte

referred to it as a "blessing."¹⁴ If nations approach conferences aiming to alienate nations for efficiency reasons, this could have dire consequences for the EU. Moreover, without the UK, smaller states are helpless in the same situation. Central Europeans are worried that they too can be kicked out just as easily: "...the more excluded [from control over their own affairs] we are, the more difficult we find it to pursue sensible policies, and this in turn gives France more reasons to kick us out altogether."¹⁵ German politician Frank Schäffler is also concerned and argues that "European countries should compete rather than being forced to reform by a central authority."¹⁶ The UK's exclusion could potentially lead to a precedent for how objectors are dealt with, especially in times of crisis or elections. This incredibly antagonistic atmosphere is only present because the two-speed approach demands nations to define themselves as in or out, whereas the multi-tiered approach is more accommodating.

Moreover, multi-tiered integration does not run the risk of the Union losing its ideological objectivity as an institution. The absence of the UK makes the core increasingly fiscally conservative to the detriment of other more liberal nations such as the Netherlands, Ireland and Finland. Merkel had wanted the UK at the

A two-speed Europe would also damage relations among states within the EU.

table but when it came down to the decision of creating a more efficient conservative elite against that of a balanced liberal consensus, she chose the former. Germany is concerned about being lumped with the

burdensome "Club Med" nations while Poland is still trying to be accepted at the top table.¹⁷ German public opinion shows that 43% of nationals would like to see slower integration in Europe, with only 12% proposing a faster integration.¹⁸ It would be unfair to say German integration will remain in the fast lane. Hence, through ultimatums the EU is becoming institutionally ideological. Finally, the EU is making it very difficult for nations on the periphery to be ushered back into the fold with this approach and vision. Nations on the lip of the are EU not only annoyed at the attitude of demanding requisites, but are also disenchanted by notion of lagging behind. UK Eurosceptics seized on the marginalisation of the country in December 2011, not as a success, but as an opportunity for the country to bow out completely. This was echoed by public opinion which shows that 49% of Brits wish to leave the EU compared to the 30% wanting to remain.¹⁹ Yet it is not just the UK; zeal for joining the euro zone has waned considerably in Poland, where frustration at having to ask to sit at the same table at euro zone nations was embarrassing.

Poland was annoyed at the centralisation of power in a core and threatened to not sign the Fiscal Compact, demonstrating how this division can be detrimental to EU efficiency. “The fact that Chancellor Merkel and President Sarkozy have taken the reins is obvious. But this should not become a permanent political monopoly. We can't leave Europe to two capitals.”²⁰ While the UK can be accused of never being truly European, other nations are getting disillusioned with the two-speed vision as it leaves certain nations behind and method of achieving it encourages them to jump.

As much as intra-EU relations have become strained and the UK has been vilified in Europe for allowing such a divergence to prevail, Europe recognizes that it needs the UK economically and militarily. Therefore, for this reason, the rift is unlikely to last. Sarkozy even acknowledged this: “...we need Britain and it would impoverish the EU if they were to leave.”²¹ Although the UK's position is unlikely to change, the recent debacle has given a glimpse of the harm that pursuing a two-speed community throws up.

Transnational Community

The problems the EU is experiencing are indicative of deepening and enlarging transnational communities. Here the methods of integration and the structures of integration are contrasted in the abstract, to demonstrate that multi-tiered compromise is the only viable answer. The problem and thus the solution needs to be viewed as a fault of group cohesion and decision making. Dealing with noncompliance with ultimatums, as shown recently, only exasperates the situation. In the past, the EU has allowed opt-out clauses for individual nations which did not want to buy in, however Sarkozy's strong stance in December demonstrated a new approach of “all or nothing;” one would argue that group cohesion cannot sustain under such integration methods.

Lisbon Treaty architect Jean Claude Piris admits

that the treaty did not deliver what he hoped. He argues that the “one-size-must-fit-all decision making system does not suit a heterogeneous union” and

		SLOW CONSENSUS	→→	EFFECTIVE CONSENSUS
		COMPROMISE		ULTIMATUMS
HIGHLY INTEGRATED	COMPLETE INTEGRATION	A BARROSO		X
	TWO SPEED	X		D SARKOZY
LOOSELY INTEGRATED	MULTI-TIERED	E ** THIS PAPER'S BALANCE **		X
	A LA CARTE	X		H NOT POST-LISBON TREATY

Table 1: X – Denotes situations where the method and integration structure do not correspond in the abstract. H – Whilst the *A La Carte* method is only possible by ultimatums in the abstract. In reality this cannot be achieved since the Lisbon Treaty compels nations to follow a certain path to Euro ascension.

suggests that the union should instead become a two-speed union, with an avant-garde core.²² Yet surely if he agrees that imposing action and policies on a large scale does not work, why then would imposing universal goals, which the term two-speed implies, be any different? Piris recognizes that the dichotomous ultimatums of Sarkozy do not necessarily work as each nation is different, but to assume that nations are just not presently ready or willing is an overreach as they may never be. As one Slovakian stated with regards to the core pulling rank on the future of the EU,

and discussing it during Paris-Berlin meetings rather than EU summits, “we are being presented with decisions on which we have minimum influence.”²³ European Commission President Barroso and Sarkozy have two very contrasting visions: Sarkozy's two-speed EU, and Barroso's slower but all-inclusive integration. Sarkozy would integrate along with those that are willing and ignore the rest. Barroso, in contrast, believes that such a strategy cannot succeed and integration should be attained through compromise, something which is arguably not compatible.²⁴ Sarkozy advocates that “there will be two European gears: one gear towards more integration in the euro zone and a gear that is more confederal in the European Union.”²⁵ A hybrid of the two theories, as seen in “E” of Table 1, would benefit the EU immensely and is one that should be advocated within all groups and communities. It accepts Sarkozy's notion that not everyone wishes to chase the same aims, but approaches it using Barroso's less ruthless method of seeking compromise to avoid creating a chasm between the core and periphery nations. Sarkozy's method of integration runs a risk, since if “done wrongly, as one fears Mr. Sarkozy would have it, this will be a recipe for breaking up Europe. Not ‘two-speed’ Europe but two separate Europes.”²⁶ While Sarkozy's approach to a two-speed Europe seems ruthless, it is arguably the only method of integration when aiming for a two-speed structure,

as the very nature of this structure is that unforgiving. Two-speed integration cannot be achieved through compromise, which leaves multi-tiered integration achieved through consensus as the most effective and most integrated that the EU can hope for. This clearly shows the difficulties transnational communities have in finding the balance between sluggish voluntary integration against that of ultimatums. The euro crisis demands quick and extensive integration, but at what expense?

Conclusion

A divided Europe is neither something to fear nor something which necessitates remedying. If the multi-tiered approach is pursued then this division should not be shied away from; in fact, it may be the only way a transnational community of the EU's size and depth can hope to continue to expand and deepen. Framing integration as two-speed unnecessarily antagonizes nations and thus weakens the Union. By accepting the multi-tiered theory, one accepts the presence of division, not just temporarily but indefinitely. The multi-tiered approach offers the flexibility required to foster a diverse union. Unity

and diversity in this sense need not be mutually exclusive; the presence of a union does not mean the absence of diversity. It may seem weak but multi-tiered integration satisfies all nations involved. A two-speed Europe is an impatient response to a crisis which if applied could have lasting damage. Europe should not sacrifice its objectivity and values to satisfy panic. The UK is content with this integration: "...we are comfortable with an EU operating on different levels along alternative pathways."²⁷ If nations can partake without being forced into a vision and pathway that they are domestically adverse to, surely it will make for a happier union. □

Tom Aitchison is former intern at the Streit Council and a final year student at the University Of Exeter, having studied for a year at American University in Washington D.C. The focus of his studies is on comparative electoral politics, looking particularly at EU integration and defense cooperation, aided by a strong understanding of electoral behavior. Tom has worked in Westminster and also for the University of Exeter in researching and organizing for Model EU simulations.

NOTES

1. "A Divided Union," *The Economist*, 23rd September 2004, accessed April 19, 2012, <http://www.economist.com/node/3194381>

2. Alexander Stubb, "A Categorization of Differentiated Integration," *Journal of Common Market Studies*, Vol. 34, No. 2, (Wiley-Blackwell, 1996), 284

3. Michael Birnbaum, "Hungary Grows Weary of European Union," *The Washington Post*, January 30, 2012, accessed April 19, 2012, http://www.washingtonpost.com/world/europe/anti-eu-forces-make-gains-in-hungary/2012/01/25/gIQAgoXFeQ_story.html

4. Stephen Booth, Christopher Howarth, Mats Persson and Vincenzo Scarpetta, "Continental Shift: Safeguarding the UK's Financial Trade in a Changing Europe," *OpenEurope*, December 2011, accessed September 4, 2012, <http://www.openeurope.org.uk/Content/Documents/PDFs/continentalshift.pdf>

5. *Ibid.*

6. Nicolas Veron, "Will City of London Accept EU Financial Supervision," *The Globe and Mail: Economy Lab*, February 25, 2011, accessed April 19, 2012, <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/the-economists/will-city-of-london-accept-eu-financial-supervision/article1917559/>

7. Kirsten Soder, "EU Military Crisis Management: An Assessment of Member States' Contributions and Positions," *COST Action*, (paper presented COST Action Meeting, June 10, 2010)

8. Tomas Valasek, "German Military Capability Could Advance," *Centre For European Reform*, January 31, 2011

8. Mark Leonard, "Four Scenarios For the Reinvention of Europe," *European Council on Foreign Relations*, November 2011, 7

10. Tomas Valasek, "Europe in the US-UK Special Relationship," *Centre for European Reform*, 2nd August 2007, accessed April 19, 2012, <http://centreforeuropeanreform.blogspot.com/2007/08/europe-in-us-uk-special-relationship.html>

11. Hans Kundani, "The British Question," *ECFR*, September 3, 2012, accessed October 22, 2012, http://ecfr.eu/content/entry/commentary_the_british_question

12. Andrew Stuttaford, "Shut Up, Sarkozy Explained," *National Review Online*, December 17, 2011, accessed April 19, 2012, <http://www.nationalreview.com/corner/286090/shut-sarkozy-explained-andrew-stuttaford>

13. Lisa O'Carroll, "Press Reaction to David Cameron's European Veto," *The Guardian*, December 10, 2011, accessed April 19, 2012, <http://www.guardian.co.uk/business/2011/dec/10/press-reaction-america-veto>

14. John Lichfield, "'Clumsy' Cameron's walkout a blessing for Europe, says France," *The Independent*, December 12, 2011, accessed April 19, 2012, <http://www.independent.co.uk/news/world/europe/clumsy-camersons-walkout-a-blessing-for-europe-says-france-6275767.html>

15. Tomas Valasek, "The UK-EU Split: The Impact on Central Europe," *Centre for European Reform*, December 31, 2011, accessed April 19, 2012, <http://centreforeuropeanreform.blogspot.com/2011/12/uk-eu-split-impact-on-central-europe.html>

16. "Outs and Ins," *The Economist*, March 10, 2011, accessed April 19, 2012, <http://www.economist.com/node/18333103>

17. Bagehot, "Britain, not leaving but falling out of the EU," *The Economist*, December 9, 2011, accessed September 4, 2012, <http://www.economist.com/blogs/bagehot/2011/12/britain-and-eu-0>

18. Thomas Petersen, "Gemeinsames Interesse an Europa in Gefahr," *Frankfurter Allgemeine Politik*, January 25, 2011, accessed October 22, 2012, <http://www.faz.net/aktuell/politik/europaeische-union/allensbach-umfrage-gemeinsames-interesse-an-europa-in-gefahr-1579998.html>

19. Chatham House, "The Chatham House-YouGov Survey 2012, British Attitudes Towards the UK's International Priorities," *Chatham House*, July 2012, accessed October 22, 2012, http://www.chathamhouse.org/sites/default/files/public/Research/Europe/0712ch_yougov_survey_0.pdf

20. Andrew Rettman, "Poland Renews Attack on Eurozone-only Summits," *EU Observer*, January 19, 2012, accessed October 22, 2012, <http://euobserver.com/economic/114945>

21. "We now have a two-tier Europe, admits Sarkozy after Cameron veto," *rfi English*, December 12, 2011, accessed April 19, 2012, <http://www.english.rfi.fr/france/20111212-we-now-have-two-tier-europe-admits-sarkozy-after-cameron-veto>

22. Jean-Claude Piris, "An EU Architect writes: Time for a Two-Speed Union," *The Financial Times*, November 3, 2011

23. Tomas Valasek, "The UK-EU Split: The Impact on Central Europe," *Centre for European Reform*, December 13, 2011, accessed April 19, 2012, <http://centreforeuropeanreform.blogspot.com/2011/12/uk-eu-split-impact-on-central-europe.html>
24. Ralitsa Kovacheva, "Barroso: The EU and the Euro Area Belong Together and Should Not be Divided," *euinside*, November 15, 2011, accessed April 19, 2012, <http://www.euinside.eu/en/news/barroso-the-eu-and-the-euro-area-belong-together-and-should-not-be-divided>
25. Valentina Pop, "Sarkozy pushes for 'two speed' Europe," *EU Observer*, November 10, 2011, accessed April 19, 2012, <http://euobserver.com/18/114236>
26. Charlemagne, "Two-Speed Europe, or Two Europes," *The Economist*, November 2011, accessed April 19 2012, <http://www.economist.com/blogs/charlemagne/2011/11/future-eu>
27. Lord Howell, "Britain and the Quest for Influence in a re-shaped EU," *Foreign and Commonwealth Office*, in a speech at Bloomberg's EU HQ, March 8, 2012