

Can the EU Return to Normal?

Session: Session 2

Date/Time: April 26, 2016/ 16:30-18:00

Moderator: Kim Chang-Beom, Seoul Metropolitan Government

Speakers: Steven Blockmans, Center for European Policy Studies

Martin Heipertz, Federal Ministry of Finance, Germany

Vladimir Shopov, Bulgarian Institute of International Affairs

Philip Stephens, Financial Times

Session 2 asked the question, "Can the EU Return to Normal?" The session examined the current state of affairs in the EU vis-à-vis challenges faced given the specter of the financial crisis, political instability, and non-traditional security threats. As moderator, Ambassador Kim Chang-Beom from the Seoul Metropolitan government provided an overview of the security and demographic challenges EU citizens are currently facing, highlighting the recent suffering from terrorist attacks and the refugee crisis.

Steven Blockmans from the Centre for European Policy Studies kicked off the panel by emphasizing the pervasive anxiety over the EU's future, given heightened security fears raised by terrorist attacks in Paris and Brussels, the Syrian refugee crisis, and the aftershocks of the sovereign debt crisis. The problem lies with the fact that solidarity between union states – once winning international praise for being the greatest political experiment – has begun to erode. For decades, the EU has pursued major integration projects, such as

institutionalizing a single market and the euro. Now, EU officials are asking themselves whether integration is as irreversible as before. Blockmans argues that there is a need for a more collective response to Ukraine and Mediterranean security challenges. As the notion of an ever-closer union is being challenged, notably by the UK, a return to "normal" is not to be desired. Instead, prescriptive steps that need to be taken include defense planning, defense budgeting, and establishing a military headquarters in Brussels.

Next, Mr. Martin Heipertz from the Federal Ministry of Finance, Germany, continued the discussion by proposing that today's EU faces a "polycrisis" that ultimately stems from the sovereign debt crisis. This "polycrisis" involves the resurgence of the financial crisis with Greece and Italy, Brexit, migration issues, and confrontation with Russia. Mr. Heipertz stresses that the Greek and Italian financial crises are not a problem with the euro itself and not the same as currency crises, but was triggered by the banking crisis. There is a need to shore up an EU institutional landscape and find legal solutions. Nonetheless, not everything has to be done at once for regional integration. It will be a good idea to move credibly towards a strategic goal in stages.

Vladimir Shopov, founder of the Bulgarian Institute of International Affairs, followed up by saying that over the last few years, Europe has been "faced with the flip side of globalization." The onslaught of recent crises coupled with a shift in European self-doubt and globalization has destabilized the overall EU integration model. Many European citizens have lost trust in the ability for governments to govern when policies are not integrated horizontally. Regardless, Shopov points out that the euro crisis actually ended with greater integration. Although inter-connectedness makes national solutions impractical, short-term, and expensive, it is not unraveling the EU.

Philip Stephens, associate editor of the Financial Times, concluded by stating that although the last 15 years have been unkind to the EU, he believes that it will return to normal. Yet, it will be necessary to recognize that this state will be a different kind of "normal." The EU will have to wrestle with a number of existential

threats as it reinvents itself in a new world order. First, slow growth and economic imbalances still threaten the legitimacy of the euro. Second, populist extremists are increasingly challenging the established political order. Third, the risk of Brexit. Fourth, uncontrolled migration from the Middle East and violent Islamist extremism. Fifth, Russia's threat to the European security order. Despite these formidable challenges, Stephens is optimistic that a new normal for Europe will be one that is more flexible in its integration model and more outward in its focus.