Quo vadis Macron? – European reforms at risk

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Executive Summary

The European Union is facing an unprecedented crisis of legitimacy and its political landscape is filled with both uncertainty and paradoxes. The pro-European French president, Emmanuel Macron, announced an ambitious programme to reform Europe in September 2017 to deepen integration which will contribute to assert a multi-speed Europe. Strategically, he has sought to build informal alliances to “project” his reform agenda at the European level, particularly with Southern European Union countries and thus attempt to restore a central place for France in the European project. But opposition to the French President is accumulating, including from traditional allies such as Germany. Macron has to face events that he cannot control and can hardly influence and counter-alliances have been formed or remain mobilized in response to his proposals. If Emmanuel Macron wants to impose his reforms, he will have to do everything to ensure the continuation of his traditional support, but he will also have to prepare to make concessions so that the reform movement does not end in a stalemate.
Introduction

The European Union (EU) is facing an unprecedented crisis of legitimacy and its political landscape is filled with uncertainty and paradoxes, while the international situation requires increased attention and increasingly is pushing Europe to assume a regulatory role. The refugee flows have seriously endangered the EU’s migration and asylum policy and solidarity: several Eastern and Central European states have taken stances and passed national reforms highly criticised by the EU, and as a consequence must face legal proceedings. Furthermore, the European Governance has faced other obstacles when Germany, one of the main drivers of the EU, was politically paralysed for 6 months; and with the spreading of populist and eurosceptical parties throughout Europe with very few exceptions; and finally, Brexit is on its way although member states have shown their solidarity on this matter.

Emmanuel Macron’s election as French President in May 2017 seemed to be good news for Europe given his European fiber and his will to deepen integration. But, in a context of widening and deepening of cleavages within the EU, the French President becomes more dependent on his ability to use informal alliances because the reformist wind that has risen with his election is running out of steam and opposition to the French President is accumulating.

French position and proposals in the fields of Defence, Migration and EU budget

On September 26th 2017, after the German elections of September 24th, Emmanuel Macron announced the program of reforms he intended to promote for the European Union. According to the French President, the Europe of our time has “no choice” unlike previous generations, either “choose to leave a little more room at each election to the nationalists, to those who hate Europe” or “take your responsibilities” “to return Europe to itself and to return it to the European citizens”. 1 Moreover, he clearly assumes that a « multi-speed Europe » already exists de facto, so he advises “do not be afraid to say it and want it!” 2 Accordingly the French President defends a “differentiation through ambition” where “those who want to go further and faster need to be able to do so unhindered”. 3

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2 Ibidem.

Given the deep cleavages that characterise European governance in sensitive areas such as: defence, migration and fiscal policies, France’s ability to promote its reforms can be achieved only through the establishment of alliances within the EU.

Let us take a look at his proposals in the spheres of defence, migration, and the EU budget. In the first case, for Emmanuel Macron, the objective should be an autonomous capability to act for Europe as a complement to NATO. To achieve this end, “Europe needs to establish a common intervention force, a common defence budget and a common doctrine for action”.4 He also expressed his wish to accelerate the implementation of the Permanent Structured Cooperation. This wish was fulfilled with the launch of the permanent structured cooperation (PESCO) at the European Council last December.5 At this occasion Donald Tusk, the European Council president, declared that “[f]or many years, the strongest argument against PESCO had been the fear that it would lead to the weakening of NATO. But it is quite the opposite. Strong European defence naturally strengthens NATO”.6 But Emmanuel Macron also has called for a “European intervention initiative” “to better integrate our armed forces at every stage.”7 This marks a new and major change, not only a technical but also a psychological change.8 In fact, France is developing defence cooperation outside the EU, hence “moving from an EU–focused to a European–oriented defence approach”.9 In other words, he wants to promote a “shared strategic culture” by opening the French army to military personnel from “all the European voluntary states”—not only from the EU.10 The goal would be to participate, “as far upstream as possible, in [French] anticipatory, planning, intelligence and operations support works”.11 This is a medium term project (2022–2024) which enables willing European states to act militarily “independently from the existing institutional frameworks of the EU or NATO”.12 In addition, Emmanuel Macron is aiming for a European Intelligence Academy and a common civil protection force.

This is quite an ambitious programme.

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11 Ibidem.
The same can be said of the migration field since the migration crisis has been a lasting challenge. For the French President, Europe has only one choice: “either retreat on our frontiers, which would be both illusory and ineffective, or the construction of a common area of borders, asylum and immigration”.\textsuperscript{13} In this context, Macron asserted the need for: a European Asylum Office that will accelerate and harmonise procedures, as well as the creation of interconnected databases and secure biometric identification documents, and the establishment of a European border police force which could ensure a “rigorous management of borders and the return of those who cannot stay”.\textsuperscript{14} Beyond these more repressive aspects, Emmanuel Macron called for the EU to “finance a large-scale European programme to train and integrate refugees” and a solid common foreign policy towards the Mediterranean and Africa.\textsuperscript{15} The latter would contribute to their stabilisation and development and potentially succeed in drying up the migration flows.\textsuperscript{16}

Finally, regarding the financial dimension, the French president expressed his desire to have “ambitious aims for the next European budget covering the years 2021 to 2027”.\textsuperscript{17} He will push for financing of what he considers to be the EU’s new priorities. These include: innovation and digitization, security and border protection, and defence.\textsuperscript{18} He advanced several propositions for each of those issues in his speeches at the Sorbonne and in front of the European Parliament. Indeed, Emmanuel Macron wants a “stronger budget at the heart of the Eurozone” that would allow for “common investments and stabilisation in the event of economic shocks” as well as a European Monetary Fund for bailouts.\textsuperscript{19} To strengthen the EU budget, and considering the Brexit context, he has suggested the creation of a “tax on financial transactions”, which would be "fully allocated to aid for development", as well as a digital taxation and a CO2 border tariff that could constitute “new European resources to fund common expenses in the upcoming budget".\textsuperscript{20} In addition, the Eurozone should have a common budget and institutionally, it should be led by a Finance minister, and controlled by a Parliament.\textsuperscript{21}

However, according to Jean-Claude Juncker, the Brexit also means a gap of € 15 billion per year in the future EU budget despite European Commission’s announcement of a rise of commitments to € 1.279 billion for the

\textsuperscript{13} Author’s translation, Emmanuel Macron, Initiative pour l'Europe - Discours d'Emmanuel Macron pour une Europe souveraine, une, démocratique. Op.Cit.

\textsuperscript{14} Ibidem


\textsuperscript{16} Briançon, Pierre. France wants more ambitious, tougher EU budget. The Guardian.


\textsuperscript{18} Ibidem.

\textsuperscript{19} Op.Cit.

\textsuperscript{20} Author’s translation, Emmanuel Macron, Initiative pour l'Europe - Discours d'Emmanuel Macron pour une Europe souveraine, une, démocratique. Op.Cit.

\textsuperscript{21} Initiative for Europe A sovereign, united, democratic Europe- Synthesis. Op.Cit. p.2

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2021–2027 period. New sources of funding are necessary indeed but a bigger dotation for defence and security, innovation and digital areas also lead to a reduction of 5% of the funds allocated to the common agricultural policy (CAP) and cohesion policy. France, being the main CAP beneficiary, is firmly opposed to this measure and seeks to find allies in the EU to increase member states’ contributions and thus prevent the cut of the European funds.

Informal alliances to further French power and leverage within the EU

In his speech to the European Parliament on 17 April, Emmanuel Macron underlined the context in which their exchange on the situation of Europe occurred. A "context" of "divisions and sometimes doubt within Europe", he added, and one "where a form of European civil war reappears, where our differences, sometimes our national selfishness seem more important than what unites us vis-à-vis the world". As summarised by John Mearsheimer, realists “believe that institutions cannot get states to stop behaving as short-term power maximizers.” Therefore, "institutions reflect state calculations of self-interest based primarily on concerns about relative power" and institutions end up reflecting the balance of power. But sometimes, realists also admit that "great powers" find “alliances useful to maintain or increase their share of power in the world.” The alliances Emmanuel Macron is seeking to build are meant to be informal, and do not fall under the “Balance of Power” theory since they are not seen as means to an end of maintaining equilibrium as asserted by Hans Morgenthau. States form or join alliances “with one another in order to supplement each other’s capabilities” and decision “is made with reference to national interests.” As rational institutionalists also would defend, the French President is looking for support to project his preferences at the European level. The French Head of State has sought to push his proposals progressively during the European Council meetings of


23 Ibidem.


26 Ibidem.

27 Ibidem.

28 Ibidem.


December 2017 and March 2018. However, his efforts failed because he could not count on the long-anticipated German support for a common line, and the EU’s attention was focused on external concerns such as Russia and the United States.33 Given the deep cleavages that characterise European governance in sensitive areas such as; migration and fiscal policies, France's ability to promote its reforms can be achieved only through the establishment of alliances within the EU. Despite German Chancellor Angela Merkel’s promised support to most of the Macronian reform program, the internal political difficulties that Merkel has had to face since September 2016, forced her to keep her distance and to avoid compromising herself until June 2018.34 At that time the European Council is expected to reach a decision concerning the further development of the Economic and Monetary Union. But, Emmanuel Macron has been gathering support from other EU member states.

Med–7: the Southern European Union countries group

The Med–7 group35 is composed of “Mediterranean States” – Cyprus, France, Greece, Italy, Malta, Portugal and Spain. The grouping had started to coalesce before Emmanuel Macron’s election. Its first summit occurred on September 9, 2016, in Athens, the second transpired in Lisbon on January 28, 2017 and the third was held in Madrid, on April 10, 2017. At the first meeting, the leaders underlined their “strong commitment to European unity and [their] firm conviction that, by acting together, [their] countries are stronger and European citizens in a better position to control their future.”36 The regularity of the meetings confirm this commitment. In addition, the proposals of the newly elected French president would find a favourable echo in the Med–7 for several reasons. First, because the French proposal is in line with the group’s programme. Second, according to statements issued during previous meetings, the heads of States and Governments also desire to advance in several areas, including those on which we focus our attention: defence, migration, and the EU budget.37 Emmanuel Macron participated in the 4th summit that took place in Rome on January 10, 2018. As mentioned above, there is a certain convergence between the previous declaration and Macron’s European program reforms. However,
the final declaration of this meeting went further and incorporated certain language elements contained in the proposals of the French president. Notably the text adopted by the Med–7 included the concept of defence "common strategy" or "common strategic culture" found in Macron’s Sorbonne speech, as well as the notion of "budgetary capacity" or a "common budget" in order, inter alia, to increase the capacity of the Economic and Monetary Union to respond to "economic shocks". This was a first step for the projection of French interests to the European level through the Med–7.

Although Emmanuel Macron arrived at the last European Council meeting accompanied by the Portuguese and Spanish Prime Ministers, to avoid seeming isolated in the EU, as mentioned, he was unsuccessful in pushing for his reforms.

Further, some gaps have begun to appear in the Med–7, a development which could jeopardize the Mediterranean alliance. Indeed, the complex German elections did not make Greece’s debt relief easier. The new German government probably will keep its hard line towards Athens, and this is a double-edged situation for France. On one hand, France can continue to support its Mediterranean ally, Alexis Tsipras. On the flip side, while continuing to support Greece, Emmanuel Macron will find it difficult simultaneously to maintain a balanced position towards Germany. The latter is necessary if Macron wants to continue to hope for German support of his reforms. Moreover, populist and eurosceptic parties have an increasing importance in some Mediterranean countries as it is the case in Greece where the far–right party Golden Dawn, which acquired 7% of the vote in the 2015 legislative elections, continues to gain popular support. The results of the last legislative elections in Italy on March 4, 2018 also point in the same ultra–nationalist direction. Half of the Italians voted for the populist Five Star Movement and the far–right Lega Nord party, whose proposed platform is anti–European. Given the stalemate for the formation of an anti–system and Eurosceptic new coalition government (Five Star Movement and Lega Nord party) for more than two months – Prime Minister should be announced in the beginning of this week– the less likely scenario is that the EU Mediterranean countries succeed in gathering again before the June European Council meeting in order to reassert their unity. If the next European Council is expected to advance the establishment of a European Monetary Fund, to continue the creation of the banking union, and

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to reach an agreement on the migration issue, the Italian populism and the resultant political instability can become a serious threat to the European agenda and, by the force of circumstances, for French ambitions.\(^{40}\)

“The French ambition of greater integration in budgetary matters is likely to come up against this bloc, which seems unwilling to make concessions.”

Counter Alliances: the Visegrád group and the “Northern lights” group

The constitution of an alliance always can produce counter-alliances. The Visegrád group – whose members include: Poland, Hungary, Czech Republic and Slovakia – was not intended specifically to counter French proposals since its formation in 1991. However, it has become more visible in the EU since the beginning of the refugee crisis in 2015. The Group strongly opposed the European Commission’s policy of relocating 120,000 refugees from Greece and Italy. In Bratislava, the Visegrád group put forward the concept of "flexible solidarity", aiming to leave the States free of their "forms of contribution" to migration policy.\(^{41}\) These states likely will block any proposals which seek to foster greater integration in the areas of asylum and migration advanced by France.

France’s inability to advance its reform agenda quickly has allowed the Northern bloc, also known as the "Northern lights"\(^{42}\) to "reorganise". Indeed, the EU’s Nordic members, Ireland and the Netherlands, often joined with Britain to support more protectionist approaches.\(^{43}\) This contrasts with France and Germany or the EU’s eastern and southern member states whose main interest is to obtain EU subsidies.\(^{44}\)

The Northern group now is composed of: Estonia, Ireland, Latvia, Lithuania, the Netherlands and two non-euro states, Denmark and Sweden. They are not opposed to Eurozone reform, but they consider that the EU should prioritise the creation of the banking union and of the single market and to pursue an "ambitious free trade agenda."\(^{45}\) In their Joint statement on the development of the Economic and Monetary Union, they assert that “An EMF [European Monetary Fund] should have greater responsibility for the development and monitoring of financial


\(^{43}\) Ibidem.

\(^{44}\) Ibidem.

assistance programmes. Decision-making should remain firmly in the hands of member states”. The French ambition of greater integration in budgetary matters is likely to come up against this bloc, which seems unwilling to make concessions.

Nevertheless, it has to be underlined that alliances may be motivated by different factors namely by geographic proximity but also by the nature of the issues addressed. In this sense, 25 member states signed a “defence pact” last December. On Saturday, May 5, European defence ministers met in Sophia and Emmanuel Macron received support for his proposal for a European intervention initiative of nine member states including Italy, Spain, Germany but also Denmark and Estonia, both members of the "Northern Lights" group and the United Kingdom. The latter indeed sees the possibility of remaining present in Europe once the Brexit is completed since this force of intervention would be separated from other EU defence cooperation. This shows the informal nature of the alignments which, although more constant and consistent between certain countries, remain essentially driven by circumstantial interests.

Conclusion
All eyes are on the European Council’s June deadline. At that juncture the European Commission hopes to reduce many of the divisions that paralyse the EU. So Quo Vadis Emmanuel Macron? Despite the alliances that the French president has sought to build to project his reform agenda at the European level, and thus attempt to restore a central place for France in the European project and an "egalitarian" relationship in the Franco–German tandem – which in recent years has highlighted the dominant position of Germany– the m reluctance of Chancellor Merkel and her new government and the mobilisation of counter-alliances jeopardised the announced European reform program. The new impetus given to the European integration movement by his May 2017 election, and his reform program is at a dead end. It has been undermined by events that Emmanuel Macron cannot control and can hardly influence. Indeed, the domestic political life of each member of the Med–7 alliance influences the cohesion of the group. Italy, the third largest euro zone economy, whose new government is giving prominence to populists and eurosceptics, may suspend its participation in the group. Such an event would equal taking hostage the Med–7, and thereby depriving France of valuable support for its strategy at the European level.

Key findings and recommendations

➢ The issues that needed to have been decided upon for several months now are unlikely to be resolved at the next European Council meeting in June. Indeed, while defence reform is more likely to continue to make its way, as already this field is subject to the logic of a multi-speed Europe, the divisions on migration and budget issues are too deep to be rectified.

➢ The integrating momentum of Med-7, which has been visible since 2016, is no longer limited only by cleavages dictated by geographical sensitivities. Now the effectiveness of the grouping also is hampered by the rise of euroscepticism. The latter produces gaps in the solidarity of this Mediterranean bloc, and deprives Emmanuel Macron of a valuable instrument for his European policy.

➢ The opposition of the northern countries and the Visegrad group to French proposals turned the negotiations into a "Balance of Power" advocated by, among others, Hans Morgenthau, where a logic of equilibrium is deployed in the face of an offensive from the other side.

➢ This alliance strategy consolidates Germany’s position at the centre of the European game. The new German coalition accepts the idea of a minister for the Euro area and parliamentary control, but does not want a reinforced Eurozone budget, and defends a balanced budget. France must ensure that Germany does not formally join the bloc of northern countries if Paris does not want to see the more daring aspects of its reform initiative permanently buried.

➢ Emmanuel Macron must change his strategy, and expect member states national concerns to continue to dictate the pace of reforms. At the June European Council meeting, the French President should consider advocating less confrontational reforms as advocated by the alliance of northern countries. These include; establishing the European Banking Union and creating the European monetary fund. And gradually Emmanuel Macron should introduce the other elements of the reform at the European level while continuing to negotiate with Angela Merkel to ensure that the new German government joins France’s side of the balance.
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