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## The Europe to come

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We all wish that “Europe 2012” will be different from the one we have experienced in 2011.

Exactly 20 years after the signature of the Maastricht Treaty, foundations have been laid for a more solid and durable “fiscal compact” going beyond the current members of the euro zone – a move that is expected to fill the well-known gap left by Maastricht’s “unfinished business”.

2012 is expected to be delivery time for a new multi-pronged system based on mutual control and mutual trust, which may well encompass both tighter monitoring and scrutiny of national budgets (including sanctions for non-compliance with commonly agreed rules and benchmarks), a more permissive approach to “quantitative easing” by the European Central Bank, and possibly even some initial form of euro zone solidarity in line with the idea of the “stability bonds”. It is widely understood that only a combination of *all* these ingredients will eventually do the trick – and it is also hoped that 2012 will bring agreement on their precise sequencing and phasing-in.

Delivering on a new and more effective system of “economic governance” for *EUrope* is crucial to offering a more convincing response to international markets – but also to our citizens. The growth forecast for 2012 recently released by the OECD is bleak enough to raise a number of additional concerns about the impact of the austerity measures currently implemented by many euro zone members. Their combined effect, in fact, is likely to prompt a recession which may, in turn, exacerbate the fiscal difficulties of most EU countries.

This is why the political and institutional “package” should also offer tangible signs that all the present sacrifices, painful as they may be now, are meant to strengthen both internal solidarity and external competitiveness. If not, and if “Europe” is increasingly – worse, exclusively – identified with internal depression and external “intrusion”, we risk a major backlash in terms of both effectiveness and legitimacy. Populism will be on the rise, and it will make rational and well-balanced compromises at EU level ever more difficult to achieve.

Will the euro zone debt crisis and the response to it eventually split the Union? Not necessarily. Of course, much will depend on the way in which the “fiscal compact” will be translated into new legal provisions and political arrangements. But the sheer fact that a (significant) number of member states “deepen” their integration – albeit more by necessity than by choice – may not create dramatic divisions inside the EU.

In principle, two main scenarios are conceivable at this stage:

- 1) one in which the 17-plus (or rather 27-minus) end up acting as a magnet and therefore, by dint of their strength, attracting (almost) all the other member states into their “compact”; and

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- 2) another one in which a sort of “multi-circle” Europe develops – almost 20 years after Edouard Balladur mentioned it as a possibility – encompassing an inner group of more integrated countries sharing a currency and much else; a second one made of countries that share with the previous ones the single market and a number of common external policies; and a third circle including EU candidates and neighbours who act as associate partners and establish with such *EU*Rope a tangled web of economic, political and human relations.

But none of this is for 2012 – yet. Some traits of one or the other scenario may start to emerge but the situation will remain fluid and open-ended. More than ever before, Europe’s future will be shaped by decisions on its present.

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