

# Future Scenarios For The Eurozone

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The Eurozone is standing at a crossroads, facing the biggest challenges in its history: the systemic crisis and the political attempts to overcome it have far-reaching consequences for the future of the Economic and Monetary Union, European integration and Europe in the world. By identifying the main driving forces that influence the future development of the Economic and Monetary Union, a number of different scenarios were developed by the Friedrich-Ebert-Stiftung to show what the Eurozone will look like in the year 2020.

Four major scenarios are imaginable:

**(A) Muddling through the Crisis.** The Eurozone remains a house without a protecting roof.

**(B) Break-up of the Eurozone.** The Euro house falls apart.

**(C) Core Europe:** evolution of two-level integration with a smaller and stable, but exclusionary Euro house.

**(D) Completion of the Monetary Union by a fiscal and political union.** The roof is repaired and construction completed.

Experts in 15 cities all over Europe evaluated, discussed and developed these scenarios. A Pan-European perspective on the future of the Eurozone introduces an alternative way of looking at the Euro Crisis. The fourth scenario – fiscal and political union completed – was considered by the majority of participants as both the most desirable and the most difficult to achieve. The problem for decision-makers striving for this scenario is twofold: on one hand, they have to take into account the decreasing level of acceptance of further European integration among European citizens in general, while on the other hand, they should not be

tempted to refrain from striving for it by this fact (or use it as an excuse for not acting in this direction, which in fact would mean continuing with the muddling-through approach).

If a big integration leap with all Member States will not be possible, the integration of different speeds or a two-speed Europe could be a forward-looking alternative. Here, the French notion of "concentric circles" could be helpful, enabling a differentiated construction of Europe, with a vanguard group striving to complete fiscal and political union, leaving the door open for those in the second circle to join and for the third circle to join the second. In this concept, Core Europe would not be a fortress but rather a locomotive pulling the periphery towards the center and in the end leading to the completion scenario (this, of course, would be possible only far beyond the 2020 time horizon).

The completion scenario could either derive from the trigger of major social unrest (as mentioned above), leading to a big push towards further integration and putting pressure on decision-makers, or else by a longterm strategy, gathering political parties, trade unions, non-governmental organisations, media and others into a broad movement at a pan-European level and using the European elections in 2014 as a first test for pushing its goals further in this direction. Notwithstanding which scenario will finally prevail in 2020, one thing seems to be clear: "there will be a different kind of Europe after the crisis" (Udo Bullmann).

It is up to European decision-makers and national leaders to shape this future. The scenarios presented here might serve as an orientation by showing them what kinds of Europe are possible and which ones could – and maybe should – be avoided. But the final decision lies with them.

The full study is available here:

<http://www.fes.de/cgi-bin/gbv.cgi?id=09723&ty=pdf> (<http://www.fes.de/cgi-bin/gbv.cgi?id=09723&ty=pdf>)

A short version of the study in form of an animated video can be downloaded here:

<http://youtu.be/RAQ4Lycbu2A> (<http://youtu.be/RAQ4Lycbu2A>)

## About Björn Hacker

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