



MACRON SETS OUT HIS NEW VISION FOR THE EU

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



On September 26, 2017 the French President Emmanuel Macron delivered a speech at Sorbonne University in Paris in which he proposed extensive EU reforms and laid out a new vision for the Europe of 2024.

In his 90 minute speech, Macron stated that he wants to see a “sovereign, democratic and unified Europe” with enhanced security cooperation, a common asylum policy to deal with the migrant crisis and a unified social policy.¹ His proposals for a strong Europe include giving a common finance minister, parliament and a bigger budget to the 19-member eurozone which at first would be financed by climate change related levies and tougher taxes on internet giants, but later on from national budgets.² He also wants to organize “democratic conventions” across Europe by next year to give the Europeans more say in determining the future path of the continent.³

Macron also put forward the idea of replacing the European Stability Mechanism (ESM) introduced in 2012 with a much larger and powerful European Monetary Fund (EMF). The fund will have more freedom than the ESM, which is too small to handle a bailout programme for the whole eurozone.⁴

¹ Sander Loones, "Macron's EU vision doesn't fit Europe," *euobserver*, September 29, 2017, <https://euobserver.com/opinion/139216>

² Henry Samuel, "Emmanuel Macron says Britain could return to 'reformed, simplified' EU," *The Telegraph*, September 26, 2017, <http://www.telegraph.co.uk/news/2017/09/26/emmanuel-macron-says-britain-will-have-place-inreformed-simplified/>

³ "The Guardian view on Macron's Europe speech: a bold vision," *The Guardian*, September 26, 2017, <https://www.theguardian.com/commentisfree/2017/sep/26/the-guardian-view-on-macrons-europe-speech-a-bold-vision>

⁴ Wolfgang Munchau, "Macron may have a bold vision but Merkel calls the shots," *Financial Times*, October 1, 2017, <https://www.ft.com/content/9d04b4ca-a50f-11e7-b797-b61809486fe2?mhq5j=e5>

Adding on, he suggested to limit the European Commission to 15 members instead of “one country, one commissioner” quota that has previously blocked substantial reforms in the EU.⁵

Moreover, he proposed implementing harmonized corporate taxes, a new carbon tax in EU and taxing big technology giants like Apple and Facebook where they make money rather than where they are registered.⁶ There’s a chance that smaller EU member states like Ireland might take tax harmonization as a direct threat to their economy, while Baltic and Scandinavian states might not like the idea of social solidarity as it gives the impression of more protectionism. Macron also proposed extensive changes to the Common Agricultural Policy which includes EU’s massive farm subsidy program even though it has historically been defended by France due to the influence of French powerful agricultural lobbies.⁷ Proposing such extreme changes might further affect Macron’s popularity on the national front which has already been damaged by his recent plans of bringing labor reforms. With trade unions protesting against Macron, it will not be wise to start a new fight with influential French agricultural lobbies.

In his address, Macron called for a joint military “rapid response force,” an EU border force and a common defense budget.⁸ He also proposed the creation of a European intelligence academy to curb the menace of terrorism. In his effort to revive the pan-European nationalism among the European youth, he suggested the creation of European Universities and ensuring that all European students should be able to speak at least two European languages by the year 2024.⁹

The French President, Emmanuel Macron, delivered his speech at a time when Europe is experiencing a wave of populism, nationalistic forces in Spain are demanding an independent Catalonia and far right parties have been strengthened after the results of German elections. Macron is smartly using EU as a platform to revive the sense and pride in shared European culture and values among the Europeans. However, replacing ESM with a more powerful EMF would mean giving grant funding under extremely tough conditions and greatly limiting the control of debtor governments over their financial and fiscal policy. This can cause frustration among the European

⁵ Angelique Chrisafis and Jennifer Rankin, "Macron lays out vision for 'profound' changes in post-Brexit EU," *The Guardian*, September 26, 2017, <https://www.theguardian.com/world/2017/sep/26/profound-transformation-macron-lays-out-vision-for-post-brexit-eu>

⁶ "The spotlight shifts from Germany to France," *The Economist*, September 30, 2017, <https://www.economist.com/news/leaders/21729743-dynamic-emmanuel-macron-and-diminished-angela-merkel-point-new-order-europe>

⁷ "Emmanuel Macron wants reforms for post-Brexit EU," *Aljazeera*, September 27, 2017, <http://www.aljazeera.com/news/2017/09/macron-security-tax-reforms-post-brexit-eu-170926155416235.html>

⁸ Bu Hilary Clarke, "CNN," *Macron sets out grand plan to relaunch 'weak and slow' European Union*, September 26, 2017, <http://edition.cnn.com/2017/09/26/europe/macron-european-union-sorbonne-speech/index.html>

⁹ Angelique Chrisafis and Jennifer Rankin, "Macron lays out vision," *The Guardian*, September 26, 2017.

citizens; taking them far away from the European nationalism rather than bring them closer to it, as also seen during the Greek debt crisis. EMF would be insensitive to political pressure unlike the European Commission and the whole *raison d'être* of EMF would be to ensure that it gets its money back.

Although Angela Merkel, Chancellor of Germany, has supported Macron's EU reforms, it is highly doubtful that her prospective coalition partners would accept these reforms. Furthermore, the European people have shown time and again that they are not in favor of more centralization and do not want to be run by a far off bureaucracy in Brussels, as testified by Brexit referendum in 2016.

Hence, in this scenario, opting for more centralization can be risky and might add fuel to nationalist and populist movements that have seized the Europeans lately. In order to implement these reforms in the future, the French President would need full support of the German Chancellor.