

## Greater differentiation should be the EU's new normal



*The ongoing crisis in the eurozone has spurred reforms in the European Union towards greater power sharing and more fiscal federalism, while at the same time, the UK is seeking to repatriate some of the powers which have been transferred to the European level. **Frank Vibert** argues that greater differentiation in the EU may be the only way for these opposing trends to be resolved. Currently an exception in the EU's structure, normalising differentiation may give more weight to global forums, and address some of the democratic tensions now present in the EU.*

Members of the eurozone, having given up their powers to set their own interest rates and foreign exchange rates, are now embarked on further power sharing moves that will restrict their ability to run their own budget and banking policies. At the same time, the UK is looking to share fewer powers and to repatriate some powers now shared with others in the Union. The possibility for member states in the Union to follow separate policy tracks is known as 'differentiation'. If the desire of the UK for less power sharing and the desire of the eurozone for more power sharing are to be reconciled then the only way is through greater differentiation.

Differentiation in the EU is allowed in the treaties in a variety of forms – some of long standing. For example it has long been accepted that member states may implement directives in different ways – as long as the end result is the same. In recent years it has become much more pronounced. Arrangements for monetary union do not apply to all members and what is known as 'structured cooperation', in connection with the common foreign and security policy, also allows some members to develop more intensive defense cooperation than others.



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Differentiation has never been seen as the preferred way for the Union to do things. It has been seen as the 'exception' and the 'last resort'. The preferred means of action has always been the pooling of powers by all members in the pursuit of a common policy objective. Differentiation has been seen as a way to allow for some countries to move along with power sharing arrangements ahead of others but with the aim of convergence as the ultimate objective.

The new debate between the UK and its partners in the EU over power sharing is essentially about making differentiation part of the normal structure of the EU rather than the exception. The eventual convergence of policies is not assumed or seen as a goal. Prime Minister David Cameron's

speech this month on the UK's position on the EU kicks off this new debate.

### The objections to differentiation

Any demand for greater differentiation that does not assume the eventual convergence around more pooling of powers by all member states is likely to be greeted with ritual condemnation. There will be a predictable chorus against 'à la carte' Europe, against 'pick and choose' Europe and against the development of a 'patchwork quilt' of obligations. David Cameron's demand for the repatriation of powers will also be seen as one more example of British 'exceptionalism' that some view as generally detrimental to the EU and only to be sorted out through a renewed British commitment to membership on current terms or through exit.



This negative reaction is not as high-minded as it seems. Partly it reflects a desire of some member states to defend policies that they fear do not command full support and where some member states, given the opportunity, might wish to 'opt out'. The Common Agricultural Policy is a leading candidate. The predictable negative reaction also reflects in part a desire to protect institutional ambitions that are challenged by greater differentiation. For example, with greater differentiation the European Parliament may see itself on the back foot, squeezed between a more assertive leadership role for the European Council and greater managerial responsibilities for the Commission.

A demand for the repatriation of powers may also be criticized as a 'turning inward' of member states such as the UK in response to parties such as UKIP. This is an over-simplification. As more rules are set in global forums it may make sense for some member states such as the UK to take advantage of these wider forums and alliances than always seeking to work through a regional grouping such as the EU. Greater differentiation provides one way of giving more weight to the global setting.

While it is easy to target British 'exceptionalism' it is less easy to shrug off the problem of the EU's 'democratic deficit'. The UK is not the only member state where a significant strand of public opinion is uncomfortable with the EU as it is, where traditional political parties no longer seem to aggregate a broad spectrum of opinion on European issues as effectively as in the past and where greater differentiation may help bring EU policies closer to what people want.

### **Differentiation and the democratic deficit**

Any mention of the 'democratic deficit' hits a vulnerable point in conventional opposition to greater differentiation. In theory, increased power sharing at the EU level is meant to lead also to increased democratization at the EU level. This does not seem to be happening. Instead, as the policies of more closely cooperating countries enter into matters traditionally regarded as falling within the scope of national politics the importance of democratic debate at the national level has risen. Demonstrators voice their frustration in front of national parliaments. The President of the ECB, Mario Draghi, has to explain ECB policies in front of the Bundestag. And EU policies have begun to permeate national politics more generally with parties debating 'austerity' or 'immigration' along a traditional left/right divide.

What seems to be happening is that the politicization of EU issues is taking different forms at the national level and at the EU level. At the EU level the European Parliament seems to be the forum for integrationist versus non integrationist debate that transcends the left /right divide. At the national level however, EU policies are becoming incorporated within the traditional left /right divide.

This development is not necessarily a 'bad thing'. It reflects the advantage of the European Parliament as a body that can take an overview of EU development. At the same time it takes advantage of the traditional role of the left/right divide in national politics as the way of 'socializing' differences within electorates. The difficulty however for national parties in encompassing this debate is that they are often placed in the position of defending EU policies they have agreed to, or acquiesced in, at the EU level. This leaves erstwhile supporters who are looking for policy alternatives to move to new and more extreme parties. This is not a problem that is unique to the UK or simply an expression of British 'exceptionalism'. Any weakening of the ability of political parties to 'socialize' differences is a major problem for democracies.

Differentiation would allow traditional parties to be more responsive to their traditional supporters and more able to play their key role in socializing differences in electoral contests. In terms of institutional arrangements, this means looking of ways to formalize a more effective role for national parliaments in European debate.

The UK's House of Commons Foreign Affairs Committee will begin holding hearings on future developments in the EU at the end of this month. Doubtless 'differentiation' will be on its agenda.

The debate is important. In order to hold all its members together and to address the democratic tensions within the EU, greater differentiation will need to be accepted by all members as the new normal.

*Frank Vibert recently gave evidence to the UK House of Commons' Foreign Policy Select Committee on The future of the European Union: UK Government policy. [Click here](#) to read his written evidence.*

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*Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.*

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Frank Vibert is senior visiting fellow at the LSE Government Department. He is the founder director of the [European Policy Forum](#), and was senior advisor at the World Bank and senior fellow at the United Nations University WIDER Institute, Helsinki. His latest books are [Democracy and Dissent; The Challenge of International Rule Making](#) (Edward Elgar, 2011), and [The Rise of the Unelected: Democracy and the New Separation of Powers](#) (Cambridge University Press, 2007).

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