I am honoured to be here, in one of the best universities in the world, and I do not say that just because my daughter was studying here a few months ago! I thank the organisers for having invited me. I congratulate them for their double wisdom. First, to have an impartial view of the European Union, they chose someone who worked in an EU institution for more than two decades! Second, to have a benevolent view about the relationship between the UK and the EU, they chose a Frenchman! Thank you for your trust! Today, I am going to talk about the crises Europe is suffering from, their origins and what role the EU as such could play in helping to solve them, or at least one of them...
Europe has acute economic and political difficulties. Its population, decreasing and becoming older, is in a pessimistic mood. The ideal of joining forces within the European Union is fading away, as it is seen as inefficient in fighting the economic crisis. The United Kingdom is even hesitating about its membership. Some people think that Europe is becoming an irrelevant peninsula of the Eurasian continent.

For decades, we, Europeans, have been accustomed to progress: peace, democracy, end of East-West division, improvement in economic and social prosperity, improved health standards, better protection of human rights, equality between men and women. After three generations, it is difficult to imagine that this will not continue forever.

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NOW, I WILL DESCRIBE BRIEFLY THE DIFFERENT CRISES EUROPE IS SUFFERING FROM, AND THEIR ORIGINS.

I propose to distinguish five crises:
- The first one is economic and structural: in today’s globalized world, the economies of most European countries have become less competitive.
- The second one, the Eurozone crisis, is adding banking, economic and financial problems to the problems of those Eurozone countries which have not
adapted quickly enough to the discipline of a monetary zone.
- The third crisis is political: it is the lack of trust of peoples vis-à-vis their political establishment.
- The fourth crisis is the decrease of public support in the European Union.
- Finally, the fifth crisis is the one which affects the relationship between the EU and one of its most important members, the United Kingdom.

The structural economic crisis strikes almost all European countries. Most lack competitiveness. Globalization allows enterprises to produce wherever the cost of production is the lowest. Many so called «emerging countries» are working hard and developing their economies quickly. Their industries are not specialized in low-value added productions anymore. They have skilled manpower, involved in high technology industries. True, European workers have better social benefits and working conditions, but this increases the price of the goods they produce and the services they deliver, and this is only partly compensated by a higher productivity. The ratio between active and inactive people in Europe is worsening. Soon, some European countries will lack human resources, while they have difficulties in integrating the immigrants they need. Besides, European individuals tend to be less
«entrepreneurial» and less inclined to take risks. As a result, the standard of living and social protection are at risk. Europe must react and adapt to the world.

In the eyes of many, this structural crisis and the Eurozone crisis are a single event. Actually, they are different and adding to each other. In the most affected Eurozone countries, despite heavy public debt, the economy is in recession and unemployment is high. This results in social and political problems. Trust in political authorities is in free fall. One Government after another is losing its majority. Extreme-right and extreme-left political parties, as well as populist politicians, get significant shares of the votes. Many voters choose either to abstain, or to vote for extremist or demagogue populists. Not trusting classic political parties anymore, voters do not know what to do. This is a dangerous situation.

The European Union itself, regarded, either as responsible for both economic crises, or as unable to solve them, is losing support. Its institutions are weaker. One wonders what will be the results of the next May elections to the European Parliament. Not only might the turnout decline, as it has done steadily, from 63% in 1979 to 43% in 2009. It might also affect the composition of the EP and have an impact on EU policies.
The results of these elections will be particularly watched in the United Kingdom. The relationship of the UK with the EU has always been difficult. This, partly explained by geography, history and culture, has deteriorated in last years. This is because the British think, with some reason, that the EU institutions have been marked by growing dysfunctionalities. The Eurozone crisis is seen as a further demonstration of the EU’s wrongdoings. It is also feared that it might entail a further integration of the Eurozone, which would be seen as a potential danger to British interests.

At the centre of all five crises is the bad state of the economy. Some think that everything could be cured with economic growth. I am not sure that this is enough. However, nothing will be possible without an improvement in the economic situation. On this subject, one has to stress that the EU’s powers are limited. Each EU Member State is in charge of its own economy. This being said, as compared with most of their competitors, EU States do have strong trumps: -a highly productive workforce and highly educated populations (despite the recent findings of the OECD!), with good living conditions and welfare, well protected against disease, poverty and criminality, and enjoying freedom and human rights; -sophisticated industries and advanced technologies;
- excellent infrastructure and public services;
- a relatively good governance, a high and stable level of democracy and, I would say, on average at least, less corruption.

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NOW, I WILL DISCUSS IF THE EU COULD HELP TO SOLVE THE STRUCTURAL ECONOMIC CRISIS.

Governments of most EU countries think that together, with the help of the EU, they could make their economies more dynamic and preserve the way of life of their peoples. But the EU does not appear able to help them much. It has been slow to confront new challenges. Its institutions have not been strong enough to impose better governance on Governments and are ill-adapted to the number and heterogeneity of the Member States:
- the decision-making in the Council is difficult, as diverging interests are difficult to reconcile;
- the Commission is weaker, both in its role to propose legislation and as a guardian of the rules; the principle of having one Commissioner per State, readopted last June, is resulting in less independence and less efficiency and strength;
- the European Parliament does not bring enough added political legitimacy; voters do not feel they are in the EU's driving seat when voting in European
elections. The EP is also trying to increase its powers as conferred upon it in the Treaties, weakening the Commission and modifying the decision-making process as foreseen in the Treaties.

Member States, including the UK, are responsible, as they established and shaped these institutions. Each time they had to make a difficult choice, they did not dare to adopt the appropriate means to fulfill the aims they were giving to the EU. I will give a few examples of that.

First, they decided that a single market would be established among them but, as before the Single European Act they wanted all necessary decisions to be taken unanimously, it made it impossible in practice.

Second example: they decided to nearly double the number of Member States, from 15 to 27, in three years (2004-2007), but they kept the institutions and the decision-making as they had been conceived for six more homogeneous countries.

Third example: they decided that, as about 85% of the EU budget is being spent in and by the Member States, fighting fraud related to the use of this money would be a priority. However, when the Commission asked for the legal means necessary to exercise control, they opposed that request.
NOW, I WILL DISCUSS THE ORIGINS OF THE EUROZONE CRISIS

I will give three more examples, but this time concerning the establishment of the Eurozone:

First, Member States decided that the monetary zone would, for political reasons, include countries which looked unable to respect the necessary discipline. Second, they decided that the zone would be established without a banking union, despite the fact that there was freedom of movement of capital and that banks in some countries were fragile. Third, they decided to establish the monetary zone without a corresponding fiscal and economic union. Obviously, there were good reasons to take these decisions. Acting otherwise would have been impossible without establishing at the same time a stronger democratic control, and a common agreement looked out of reach. But what I mean, by giving these examples, is that we, Europeans, or at least some of us, in the Eurozone, might be confronted with similar choices in the future.

The fathers of the euro knew that some criteria should be met to build an optimal monetary zone. They knew that, in this respect, the omens were bad. After 13 years of existence of the euro, and taking five
criteria as a benchmark, the situation has not improved much:

- **First**, it was politically impossible, at that time, to avoid the imbalance between the economic and the monetary elements of the EMU. Today, despite more coordination, we are still far from the so called «genuine fiscal and economic union».

- **Second**, participating countries were quite different, with the unofficial «Deutsch Mark Zone» on the one side and the countries used to devalue their currency from time to time, on the other side. Today, their heterogeneity has increased, both in terms of growth and of unemployment. Had they not had the euro as their currency, Southern countries would have devalued. This is not possible anymore. It is not possible either for them to print more bank-notes and to encourage inflation. In a way, they are obliged to conduct sound budgetary and economic policies. However, given that the current competitiveness of their economy is low, and the level of their debt very high, this might require years of sacrifices. But the other option, which would be to leave the euro, looks much worse. Their new currency would be strongly devalued and they would suffer from a high rate of inflation. Their debt, denominated in euros, would increase enormously. Thus, they must drastically reduce the cost of production of their economy. If they do not do it, they lose access to the financial markets and, instead, have to ask their Eurozone partners to lend them money, in return for a strict adjustment program.

- **Third criteria**, there was no common system to supervise banks and to solve banking problems. This month, it has
been agreed that the European Central Bank will supervise the banks, but a single resolution system and a common guarantee scheme, which are both necessary, will be very difficult to establish, due to the problem of determining who will decide and who will pay, and also in the absence of an explicit basis in the Treaties.

-Fourth, there was no perspective of a central budget substantial enough to help in case of an asymmetric shock. This has not changed today. As for the EU budget, it was reduced. As for an additional budget for the Eurozone, if it were to be created, it would probably be relatively modest.

-Fifth, the lack of mobility of workers between participating countries is due to causes, such as the problem of languages, which are difficult to solve.

Nevertheless, most Member States decided to go ahead in the 1990's. Why ? Because they assumed that, despite these weaknesses, three elements would allow success:

-first, the economies of the Eurozone States would converge, as the Southern countries would be helped by a flux of capital moving to meet lower costs of production, and by loans at a lower rate of interest,

-second, rules of discipline imposed by the so called "Stability and Growth Pact" would force Governments, if need be through financial sanctions, to adopt sound policies,

-third, and in any case, the financial markets would play their normal role as being the guardians of the orthodoxy, and would therefore demand higher rates of
interest for loans to States which would not follow sound policies.

Unfortunately, none of these three elements worked as foreseen. The flux of capital towards Southern States happened, but was not used to invest and deliver structural reforms. Financial markets gave about the same rate of interest to all Eurozone countries during ten years, therefore at a low rate for Southern countries. Public and private sectors, (more or less according to the country concerned), borrowed and increased their debts. As salaries increased more than productivity, competitiveness declined. Sanctions foreseen in the Stability Pact were not applied. Thus, some Eurozone countries, already affected by the structural economic crisis, were hit by a second crisis, which exploded five years ago after the United States subprime crisis and given the situation in Greece. Today, 13 years after the creation of the euro, the weaknesses of the Eurozone remain to be cured.

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NOW, I WILL DISCUSS THE RESPONSIBILITY OF THE EUROPEAN UNION TO SOLVE THE EUROZONE CRISIS

As to the structural economic crisis, I have already said that it is the responsibility of each Member State to improve the competitiveness of its own economy. The EU has not much substantial means to help. It can slow down the speed of the reduction of the budgetary deficit it is requesting of Member States, if and as long
as the financial markets remain stable. It could also encourage creditor countries to stimulate their economy.

As to the crisis of the Eurozone, the responsibility to correct the flaws in the Eurozone’s design does belong to the EU as such. The crisis is still there and the situation remains fragile, even if the existence of the euro is not questioned by the markets or by citizens anymore (according to polls, 67% of Eurozone residents want to keep the euro as their currency).

It is important to stress that there are four risks which could trigger an acute aggravation of the crisis:
- economical, with high unemployment and weak growth;
- banking and financial, with banks suspected of fragility, with sovereign debts booming and possible difficulties of reimbursement of the loans;
- political, with increase in populism, anti-establishment and anti-euro movements;
- and finally judicial, as not only the EU Court of Justice, but also the German Constitutional Court, are now frequently seized of the legality of some European decisions in this domaine.

Finding a sustainable solution must involve, inter alia, more coordination of budgetary and economic policies in the Eurozone. It might also involve a
partial mutualisation of banking risks and even, at least according to some, of sovereign debts. Obviously, this would politically be extremely difficult. First, it would have to be accepted by the creditor countries and their electorate. Second, it would affect substantial powers of national parliaments, while political legitimacy at the EU level is too weak. Besides, given the political climate, most Eurozone Governments do not want to go to their electorate now to ask for a change of the Treaties, as the support given by public opinion to the European Union is declining.

This is why the preference of these Governments is to continue with the current policies, which aim at strengthening the Eurozone without changing the Treaties. They think that it will allow them to solve the crisis durably.

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NOW, I WILL DISCUSS WHAT THE EU HAS ALREADY DONE THESE LAST THREE YEARS IN ORDER TO TRY AND SOLVE THE EUROZONE CRISIS

The crisis has led Eurozone countries to adopt measures together, as the Treaties allow them to do. As a first step, they adopted in 2011 the so-called «Euro-plus-pact», aiming at a stronger economic
cooperation and convergence, but its implementation remains optional.

More concrete policies were adopted during the last two years, under the political leadership of Mrs Merkel and Mr Draghi, demonstrating that, despite criticisms, the EU is acting in a decisive and bold manner:

**First**, huge efforts are demanded from Eurozone countries to reduce their budgetary deficits. Structural reforms, such as liberalisation of the labour market, reduction of the public sector, reform of the systems of retirement pensions, are more difficult politically, but they are badly needed and have begun. This was demanded to countries asking for European loans, as those are conditioned by strict programs of adjustment being accepted.

**Second**, the EU has adopted new laws to push its Members, especially in the Eurozone, to adopt better and more coordinated budgetary and economic policies. The major legislations are the so-called 2011 «six-pack» and 2013 «two-pack» legislations. One should also mention the treaty signed in 2012 by most EU Members, with the exception of the Czech Republic and of the UK (the so-called «Fiscal Compact»). That intergovernmental agreement entered into force for Eurozone countries as well as for others which so
decided. Besides, the EU is working on the creation of a Banking union, with a single supervision mechanism (just adopted this month) which should be accompanied by a single resolution mechanism and a common guarantee system, which, as I said, will both be difficult to adopt.

Third, long term loans at reasonable interest rates were given to Eurozone countries in difficulty: twice to Greece and once to Portugal, Ireland and Cyprus. After the 2010 intergovernmental agreement establishing the European Fund on Financial Stability (EFSF), another intergovernmental agreement established in 2012 the European Stability Mechanism (ESM), with a lending capacity of 500 billion €. However, one has to recognise that these loans will be difficult to reimburse. Additional loans might be needed in the future.

Fourth, in 2012, the ECB adopted the «Outright Monetary Transaction» policy, committing itself to buy bonds of a three years maximum duration from a Eurozone country, if it applies for a loan from the ESM and accepts an adjustment program.

The results of these policies are positive: spreads in interest rates for long term bonds of Eurozone States have lowered in the financial markets, talk of a break-down of the euro has almost stopped.
Financial markets seem, now, to be convinced that the euro is here to stay, and to stay with its full membership.

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NOW, I WILL DISCUSS IF THESE CURRENT EU POLICIES MAY SUCCEED IN SOLVING THE EUROZONE CRISIS WITHOUT CHANGING THE EU TREATIES.

Of course, not changing the Treaties would save difficult negotiations and risky ratification procedures. But will it be possible to continue, without changing the Treaties, to take all measures necessary for the eurozone to become a genuine banking and economic union? One of the difficulties is that the current Treaties do not contain obvious explicit legal bases which would allow it to be done. This is an issue, both for legal and political reasons:

First, under the Treaties, budgetary and economic policies are Member States'powers, not the EU’s, as articles 5, 120 and 121 of the TFEU show. The Treaties neither provide explicit bases for developing new EU powers in this domaine, nor to establish some aspects of the banking union. Second, the Treaties do not provide a commitment for financial solidarity between Eurozone countries. Thus, debtor countries are reluctant to accept
sharing sovereignty, while not being ensured that, in case of a crisis, they would be helped by creditor countries with whom they share their powers. Third, national constitutions provide that budgetary sovereignty in the Member States belong to National Parliaments and not to Governments. Fourth, the political legitimacy necessary to conduct these policies is too weak at the European level.

Thus, will it be possible to continue making further decisions without treaty changes, and therefore by stealth, while these decisions might entail a de facto loss of sovereignty and of democratic control?

On top of that, if no new legal commitments are taken by the States concerned, would the markets be convinced that these policies will be respected and durable?

This is why a proposal has been made to conclude legally binding «contractual arrangements» between the Commission and each of the Eurozone countries. Governments would commit themselves to work to improve competitiveness. They would be responsible to their Parliament, which would ratify the agreement. In compensation, in case of difficulties, some financial help would be provided, maybe from a specific budget or Fund. This suggestion has not yet been accepted, but it will be discussed in December. One may however wonder on which legal basis these
agreements would be concluded on the EU side, what would their legal nature be, and what could be done if some States would not sign them or not respect them, given that the EU powers would not be changed.

Concluding on this, and taking into account the risks of an aggravation of the crisis mentioned earlier, I am of the opinion that it would be wise, both for political and for legal reasons, to consider how it would be possible to strengthen the legal and political foundations of the Eurozone.

NOW, I WILL DISCUSS THE TWO POSSIBLE WAYS TO STRENGTHEN THE LEGAL FOUNDATIONS OF THE EUROZONE.

The first way would be a revision of the EU Treaties, either by adopting a small targeted amendment through a simplified procedure, or by following the normal procedure. The second way would be, for the current and would-be members of the Eurozone, to sign an intergovernmental agreement, distinct from, but compatible with the EU Treaties.

NOW I WILL EXAMINE THE FIRST OPTION.
Legally the most appropriate way would be a revision of the EU Treaties.

Some people think that this could be done, in legal terms, by using the so-called «simplified» procedure of revising the EU Treaties, provided for in article 48(6)TEU. A targeted amendment could aim, for example, at adding new provisions providing for more coordination of national budgetary and economic policies within the Eurozone, at facilitating some aspects of the banking union and at providing a strengthened democratic legitimacy by conferring new rights to national Parliaments.

Such a procedure looks however doomed to fail: 

-first, article 48(6) can be used only if the proposed amendment «shall not increase the competences conferred on the Union in the Treaties», while this might be needed, even marginally, in this case;

-second, in any case, any amendment to the Treaties, even small, needs the agreement and the ratification (sometimes by referendum) of all Members. In order to get this agreement, concessions would have to be made to requests from other member States, including the United Kingdom. The scope of the amendment would consequently have to be enlarged. The European Parliament would then refuse its consent not to convene a Convention, a consent which is legally
necessary. This will thus lead to the normal procedure of revision of the Treaties.

This normal procedure is heavy. It implies a review of the Treaties by a Convention composed of representatives of the Governments of the 28 Member States, of their parliaments and of the European Parliament and the Commission. As a point of departure, the aims would be the same as those of a targeted amendment, but be more ambitious. New provisions could be grouped in one Chapter or one Protocol, which could provide means for a better coordination of national budgets, and make economic policies subject to a convergence mechanism, which could be tighter for countries receiving financial help. Some Member States would be of the opinion that the existence of such a joint responsibility might also permit some form of solidarity between the participating States, for example by establishing a European Fund. Finally, some might propose accompanying measures in tax or social matters.

In order to succeed, at least some of these requests should be supported by all Eurozone Governments. However, this is in no way guaranteed, given not only the political climate in some of these countries, but also their divergences of opinions. What is, in contrast, absolutely certain, is that other proposals
will be made. For example, the European Parliament has already prepared a number of those, among which the possibility to revise the EU Treaties with a majority of Member States. On its part, the British Government would probably present its wishes to the Convention, such as either a «repatriation of powers» from the EU to the Member states, or a special status for the UK. Both requests would be however as difficult to sell to the other EU Members as the wishes from the European Parliament.

Actually, the truth is that any large revision of the Treaties looks implausible today, even if both the United Kingdom and the European Parliament, for opposite reasons, were to insist. My guess is that such requests would be opposed by some Member States, by fear of a divisive and difficult process. However, nobody should underestimate the leadership and power of conviction of Ms Merkel, if she were to decide to push for a Treaty revision.

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NOW I WILL DISCUSS THE SECOND OPTION.

It would be for the Eurozone participants, and for other EU Members willing to join, to conclude a
global intergovernmental agreement, additional to the EU Treaties.

The EU Treaties would remain unchanged. As to the policies which could be subject to closer cooperation, the aim would be the same as those I just mentioned for a revision of the Treaties: to make the monetary union work better, by strengthening its economic component. However, the fact that this will be outside the Treaties would raise some issues.

The first issue would be to know if new institutions would be needed. Of course, it would be better and simpler to use the EU institutions when needed.

The use of EU institutions by an intergovernmental agreement was accepted by the Court of Justice, in the 1991 Bangladesh and 1993 Lomé cases. Recently, in its 2012 Pringle judgment, the Court confirmed that Member States could, in the European Stability Mechanism, give tasks both to the Commission and to the European Central Bank. The Court stressed that these tasks should however «not alter the essential character of the powers conferred on those institutions by the EU and FEU Treaties». In other words, tasks given to an institution must be «in line with» those conferred on that institution in the Treaties.
Another question is whether the consent of all Member States would be needed, if a group of them intend to use an institution. This has not been judged yet, as in all cases (Bangladesh, Lomé and ESM), all Member States were involved. Such a right of veto would present the risk that the group of participating States would create new institutions outside the EU. I personally think that such a right of veto does not exist. Treaty rules, both on the eurozone and on enhanced cooperation, allow the use of the institutions by groups of States.

However, guaranteeing a strong legitimate democratic control in such an important domaine would be essential. It might be legally and politically difficult to give this control, either only to those Members of the European Parliament elected in the participating States, or to the entire EP. The political legitimacy offered by the EP is too weak, and the competences in this area do not belong to the EU and to the EP, but to the Member States and to their parliaments. One may therefore think about a new organ, where national parliaments would be represented, as well as possibly the EP (see art 9 Protocol on the role of national parliaments and art 13 Fiscal Compact). As for the Commission, the participating States might accept the EU Commission with its 28 members. If they do not, they could decide to confer some limited
tasks on a small political Authority, which, in order to avoid a new bureaucracy, could outsource the preparation of its decisions to the Commission. Another solution, much better according to me, would be to come back to a Commission composed of a smaller number of Commissioners.

The agreement would be legally similar in its shape to the 2012 Fiscal Compact, and it could enter into force after a given number of ratifications, for example 12, like for the Fiscal Compact.

In order not to endanger the cohesion of the European Union, a possible agreement of this kind should effectively protect other EU members' rights and interests. It should do so by imposing some requirements, under the control of the EU Court of Justice, in particular to respect the EU Treaties' primacy over the agreement, and the priority of the proposals of the Commission to legislate in the EU, to guarantee the integrity of the single market, to ensure openness and transparency of activities, and to give the right to participate in meetings (and maybe in decisions) for those able and willing to join the euro soon.

However, for the same reasons as a revision of the EU Treaties seems improbable in the present political climate, such a global agreement might not be
feasible in the short term. In that case, interested Member States could try to reach their aims in smaller steps. Thus, they would continue to pursue the current policies. By «current policies», I also mean the possible conclusion of a specific intergovernmental agreement, if needed on an issue which would be impossible to solve through a revision of the EU Treaties.

There used to be a quarrel between the partisans of the «Community method» on the one side, and those of the «intergovernmental method» on the other. With three intergovernmental agreements, the European Financial Stability Fund, the European Stability Mechanism and the Fiscal Compact, I would say that the Member States, together with the EU institutions, have now created a new «Union method», which is in-between: while intergovernmental in nature, it is closely linked to the EU and to its institutions.

This innovative and flexible method, imposed by the political difficulty to amend the Treaties, has allowed progress, however at a price of an increased complexity. In particular, these agreements are not always concluded by the same States, and their democratic accountability and control represents a big challenge. If this were to be continued, I would suggest that some improvements could be considered in the future, such as:
- fighting increased complexity and opacity, through the adoption of a medium or long-term Plan of Action, which could explain to the public what it is intended to do, why, and the expected results;
- providing better means of accountability, for instance specific rules about transparency and access to documents, as well as accepting that the action of the institutions under an agreement falls within the scope of application of the Charter of Fundamental Rights of the EU;
- and allowing adequate democratic control and accountability, through national parliaments.

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NOW I COME TO MY CONCLUSION

The European Union is confronted with huge challenges. It is losing support of public opinion. Its institutions are not working well. The Eurozone crisis is affecting the economic and political stability of some Member States. However, under a wise leadership, the Union is now reacting strongly. It must continue to take difficult decisions in order to try and solve the Eurozone crisis. If it is not possible to change the EU Treaties in the short or medium term, then it will have to do so within the
limits of the present Treaties, while complementing them, if necessary, with intergovernmental agreements.

This being said, this is not without risk. Sound budgetary and economic policies are socially and politically difficult to implement without giving people reasons to hope. Changes are leading to anxiety. One must understand why decisions are taken, and why they will result in success. Thus, contrary to what was sometimes done in the past when building the EU, I think that the next steps should not be done by stealth, but with the citizens’ informed support. The strategy and direction for the future have not been presented to public opinion, although decisions are taken. People suffer bad short term results, a reduction in their revenues and social benefits, an increase in unemployment, without being given hope for the future, even in a long term perspective. Thus, they tend to associate the EU with austerity and unemployment, which opens the door to anti-euro populism. This is why I think that the European Council could present a Strategy for the Future. Our political leaders could explain, among other things, that a further differentiated integration between EU Member States, whatever its legal shape, will happen in the future, given in particular the necessary evolution of the Eurozone.
They could explain the extent, but also the limits of this integration.

This evolution of the Eurozone is already taking place, with the answers developed progressively these last three years. It will accelerate in the future, even if nobody can predict exactly which legal shape it will take and when.

This is one of the reasons why the British potential wishes will be difficult to solve by a Treaty change in the short or medium term. Presenting a request to change the Treaties, and obtaining a negative answer, would push the United Kingdom, either towards political and economic isolation, or to a status similar either to that of Iceland, Liechtenstein and Norway in the European Economic Area, or of Switzerland. One cannot hope to benefit from the European market without paying a price.

However, one may think that, put differently, British requests may attract understanding. Many Member States agree that the EU does not work well and needs reforms. It is an illusion to think that this could be cured by an improbable «repatriation of powers» which will not happen. It is more a question of political will of the Member States and of culture in the institutions. Many things could be done, without changing the Treaties, if supported by a strong
political will, even if an EU institution does not agree.

This could obviously include substantive policy measures, such as completing the internal market, especially in services, to launch new optional cooperation policies, for example on energy or on industrial cooperation in defence equipment programmes. This could include as well measures aimed at improving the functioning of the institutions, by streamlining the Commission, by containing the European Parliament within the limits of its legal powers and, last but not least, by giving more say to national parliaments.

Moves in these directions would open the way to a more efficient, democratic and successful European Union, where the United Kingdom would continue to be able to defend its legitimate interests, and to play the essential role it has been playing in the past, and which is needed for the good of Europe.

Thank you for your attention.