



## Europe and the Crisis : what are the possible outcomes? Collapse, *status quo* or the continuation of integration?



Authors: Thierry Chopin,  
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The public finance crisis in certain euro zone Members States has placed the issue of European economic integration under the spotlight again. The choice, it seems, is quite clear: on the one hand we have development towards a federal political-economic system in the euro zone, on the other, the trend towards national entrenchment and the possible implosion of the euro zone. However since the start of the crisis a compromise situation has held sway. But this no-man's land seems to be increasingly fragile. The consequence of this has been widespread irritation in the face of a never ending political and economic crisis. In the present context of disarray, Thierry Chopin and Jean-François Jamet offer a critical analysis of the various possibilities we have to emerge from the crisis: collapse, status quo or continued integration?

[Read more](#)

### Contents

**Front page!** : Editorial - Euro - Baltic Independence - Treaty/EU - Law - 10 years/euro - States/Religions - Monaco/euro **Elections** : Spain **Financial Crisis** : ECB - Germany - Spain - Greece - France - Portugal - UK - Czech Republic **Commission** : Revival/EU - Reforms/Greece **Parliament** : Finance - Deregulation/rail - Neutrality of the Internet **Council** : Agriculture/Fisheries - Diplomacy - Future/EU - 2012 budget **Germany** : CDU **France** : Russia **Greece** : Support/Parliament **Italy** : Government - Austerity **Poland** : Government **IMF** : Resignation **UN** : Bosnia-Herzegovina - EUFOR/ALTHEA **Eurostat** : Inflation - Trade - Growth **Studies/Reports** : Innovation - Women/Europe **Publication** : NATO **Culture** : Cinema - Exhibition/Madrid - Exhibition/Rome - Exhibition/Basel - Exhibition/Paris

[Agenda](#) | [Other issues](#) | [Contact](#)

#### Front page! :

##### Urgent-response required to Germany

The Chairman of the Robert Schuman Foundation Jean-Dominique Giuliani has published an editorial on his site on the conclusions of the programme adopted by the CDU during its congress in Leipzig on 15th November last. In his opinion this document contains "specific" indicators with regard to developments that might happen in the



European Union... [Read more](#)

### The euro zone and the future of Europe



On 22nd November the Alumni Association of the London School of Economics in France and the Combined Sciences Po-LSE Diploma in European Affairs are organising a Conference-Debate on the euro zone and the future of Europe. The Chairman of the Foundation, Jean-Dominique Giuliani will take part in the debate alongside Jean-Marc Daniel, Professor of Economics at the ESCP-Europe... [Read more](#)

### France and Independence in the Baltic States 1921-1991



The Archive Department of the Foreign Affairs Ministry, the Embassy of Estonia, Latvia and Lithuania, together with the Robert Schuman Foundation are organising a day of study on 23rd November on the theme of "Independence lost and found, France and the independence of the Baltic States 1921-1991." The Chairman of the Foundation, Jean-Dominique Giuliani, will be hosting the second round table on the re-establishment of diplomatic relations in 1991... [Read more](#)

### Are we moving towards a new European Treaty?



The "Europe de la Défense" Committee of the Association Nationale des Auditeurs Jeunes of the IHEDN is organising a conference on the 24th November on the theme "Are we moving towards a new European treaty?" hosted by Jean-Dominique Giuliani, Chairman of the Robert Schuman Foundation... [Read more](#)

### Conference/External Relations



On 24th and 25th November the Faculty of Law and Political Science of Nantes is organising a seminar on "The EU's External Relations Law - post Lisbon Treaty". The President of the Foundation, Jean-Dominique Giuliani, will deliver the closing speech at the seminar... [Read more](#)

### Franco-German Seminar



The "Strasbourg Interviews" - a Franco-German seminar organised by the Young Europeans of Strasbourg and Freiburg in partnership with the Robert Schuman Foundation, will take place on 25th to 27th November. Former President Valéry Giscard d'Estaing, the guest of honour at the inaugural conference that will take place on 25th November at the ENA, will speak on the theme of "Ten years with the single currency: results and prospects..." [Read more](#)

### States and Religions in Europe



On 28th November the Robert Schuman Foundation and the Embassy of Hungary in Paris are organising a conference at the Maison de la Recherche on the relationship between States and religions from the French and Hungarian points of view. Pascale Joannin, General Director of the Foundation will introduce and host the debate... [Read more](#)

### The New Monetary Convention between the EU and the Principality of Monaco

The Robert Schuman Foundation and the Principality of Monaco are organising a conference in Brussels on 28th November with Michel Roger, Minister of State for the Principality of Monaco, on the theme of "Monaco and the Euro: the new monetary convention between the EU



and the principality of Monaco.".. [Read more](#)

## Elections :

### Victory of the People's Party in Spain



The People's Party (PP), led by Mariano Rajoy, won the parliamentary elections on 20th November in Spain, winning 44.62% of the vote and 186 seats (+32), ie the absolute majority. The Socialist Workers' Party (PSOE) led by Alfredo Perez Rubalcaba only won 28.73% and 110 seats, ie -59 MPs. The United Left (IU) won 6.92% and 11 MPs (+9); Union, Progress and Democracy (UPyD) 4.69% and 5 seats (+4); Catalonia Convergence and Union (CiU), 4.17% and 16 MPs (+6); Amaiur 1.37% and 7 MPs; the Basque Nationalist Party (PNV-EAJ) 1.33% and five seats (-1), the Republican Left of Catalonia (ERC), 1.05% and 2 seats (=), the Galician Nationalist Bloc (BNG) 0.75% and 2 seats (=) and the Canary Coalition (CC) 0.59% and 2 MPs (=). Turnout totalled 71.69%... [Read more](#)

## Financial Crisis :

### The ECB and the Crisis



On 18th November Mario Draghi, President of the European Central Bank made his first official speech on the occasion of the European Banking Congress in Frankfurt. He structured his speech around two main themes: the difficult European monetary situation at present and the increasing role played by the emerging economies and their deep links with the most developed economies. He notably declared that he wanted to orient his work on three main elements: continuity, strength, credibility. Only ambitious policies that take on board all of the criteria in play will lead to a solution to the present economic, financial and monetary crisis... [Read more](#)

### German Banks downgraded by Moody's



The credit ratings agency, Moody's, downgraded the rating of ten German regional state banks by three notches (Landesbanken) on 16th November. This downgrading is not linked to the euro zone debt crisis but to the fact that these banks are less likely to benefit from State support in the event of difficulties. Indeed a new regulation and strict conditions are being set by the European Commission on all aid provided, said Moody's. The downgraded banks are BayernLB, Deutsche Hypo, LBBW, NordLB, BremerLB, NLBL, HSH Nordbank, Helaba et DekaBank. Two establishments have avoided this problem: LBB, whose rating is maintained at A1, whilst that of WestLB has been placed under surveillance... [Read more](#)

### Zero Growth in Spain



The Spanish national statistics office confirmed on 16th November that growth would be zero for the third quarter 2011, as in the previous quarter. For all of 2011 growth is due to rise to 0.8% however... [Read more](#)

### Greece: 2012 budget



Greece's public deficit will be brought down to 5.4% of the GDP in 2012 after 9% in 2011 according to forecasts included in the draft budget of the new Greek government presented on 18th November to Parliament. The country is forecasting that it will suffer greater recession than anticipated, with a GDP that is due to decline by 2.8% in 2012. Greece is counting on the presentation of its 2012 budget in order to show its determination to implement the reforms requested by the country's creditors... [Read more](#)

### Growth in France



On 15th November INSEE published the growth results of the 2nd and 3rd quarters in France: in the 2nd quarter growth was reviewed downwards, indeed the GDP declined by 0.1%; but in the third quarter it lay at 0.4%, better than the 0.3% initially forecast... [Read more](#)

### Portugal on the right track



The Troika (European Commission, European Central Bank, International Monetary Fund) travelled to Lisbon on 6th to 16th November for the second quarterly assessment of the economic and financial aid programme to Portugal. After this visit it decided to allocate the next payment in aid since it is satisfied that the government is implementing the programme that is designed to revive the country's economy. "Overall, the programme has been given a good start," said the European Commission, the ECB and the IMF in a joint press release. Satisfaction on their part opened the way to the payment of a third part of aid, to a total of 8 billion euros as part of the aid programme granted to Portugal... [Read more](#)

### Unemployment in the UK



The number of young unemployed Britons has risen over the symbolic one million mark for the first time, in an increasingly depressed economic context. According to official figures, published on 16th November, the British unemployment rate rose to 8.3% at the end of September, in comparison with 8.1% a month earlier. Young people are by far the worst affected: unemployment of the 16-24 year olds totals 21.9%. There are now 1.02 million young people looking for a job - an absolute record since the start of the collation of this type of data in 1992, said the Office for National Statistics... [Read more](#)

### Reform expected in the Czech Republic



On 18th November the OECD published an economic study devoted to the Czech Republic concluding that because of a slower economic recovery than amongst its neighbours "the rapid implementation of further reform was necessary to guarantee overall, sustainable, long term growth and to improve its resilience in the face of external shocks." The OECD notably advises on reforms designed to boost growth, competitiveness and economic transformation, in view of improving energy efficiency and to reduce greenhouse gas emissions... [Read more](#)

### Commission :

#### Work Programme for 2012



On 15th November the President of the European Commission, José Manuel Barroso presented the Commission's working programme for 2012 to the European Parliament; it is entitled "Delivering European Renewal". This programme aims to coordinate the Commission's activities to support the ongoing economic and financial reforms. He insisted on three poles of activity: Europe; stability and responsibility, growth and solidarity; and the Union's place in the international arena. The measures comprise the fight to counter tax havens and fraud, consumer protection, CO2 emissions reductions, the conclusion of trade agreements and support to the political changes in the Arab world. All of these initiatives should contribute European economic recovery, notably by way of the creation of sustainable jobs... [Read more](#)

### Report on the reforms in Greece



On 17th November the task force for Greece published its first quarterly report on the country's economic reforms and concludes the paper with "prudent optimism". The report analyses the balancing of public finance, structural reform, as well as the implementation of technical assistance. Following the Greek government's request, the European Commission decided to provide its support to improve the use of the cohesion fund and to make the civil service more efficient... [Read more](#)

## Parliament :

### Ban on short selling



MEPs voted on 15th November in support of further measures to ban speculation on sovereign debts and to limit short selling. This regulation is an extremely important text that aims to regulate the financial sector. Credit Default Swaps and financial insurance contracts, accused of speeding up the crisis in particular, have been banned. The European Securities and Markets Authority has been granted more power in this area. The text was adopted by a wide majority: 507 votes in favour, 25 against and 109 abstentions. The Council now has to approve the text adopted by the Parliament, which is due enter into force in November 2012... [Read more](#)

### Deregulation of the rail network



On 14th November MPs debated in a plenary session in Strasbourg on the legislative proposal that aims to deregulate the rail network. Restrictions, notably of a technical, political and legal nature are preventing the European rail market from deregulating completely and also from being open to competition. This text aims to reduce costs and to increase the quality of the services offered to consumers. A previous package of European texts on the railway, which are not clear, have been badly implemented by the Member States... [Read more](#)

### Neutrality of the Internet



On 17th November MEPs adopted a resolution that aims to defend the rights of internet users. In this resolution they ask the European Commission to take all of the necessary measures so that service providers do not restrict internet access. Indeed only the internet market that is open and reliable can take part in innovation and the recovery of the economy... [Read more](#)

## Council :

### Agriculture and Fisheries



On 14th November the 27 Agriculture and Fisheries Ministers came to an agreement to extend food aid to the most vulnerable populations in Europe by two further years. They insisted on the importance of the external dimension of the Common Fisheries Policy, whilst world stocks are decreasing drastically. Ministers also discussed direct payments as part of the reform of the Common Agricultural Policy, mentioning the risks of administrative complications, which are contrary to the spirit of the reform. The Council also provided an opportunity for the Commission to reassure Member States, by re-iterating the extension of the sugar regime until 2020, thereby guaranteeing a certain stability in terms of the price of this commodity, whilst world rates are rocketing... [Read more](#)

### Foreign Affairs



The 27 Foreign Ministers, prepared the Union's position for the conference on Afghanistan that will take place in Bonn on 5th December, guaranteeing close police partnerships and cooperation beyond 2014. They also adopted conclusions concerning Libya, Tunisia and Syria, as well as a strategic framework for the Horn of Africa. The latter aims to achieve both regional cooperation and institutional, security and economic development, which are necessary to prevent migration and settle existing conflicts. They also discussed Iran's nuclear programme... [Read more](#)

### General Affairs

The 27 European Affairs Ministers adopted a directive that counters the sexual abuse and exploitation of children on 15th November. The directive will enable the harmonisation of around 20 criminal offences



and guarantees high levels of punishment. The text adopted fights sexual tourism and internet pornography in particular, thereby obliging the Member States to guarantee the prompt deletion of these sites. Moreover the Member States can prevent access to these web sites but must follow transparent procedures and offer guarantees, if they use this option. They also discussed the multi-annual financial framework 2014-2020 and reviewed their strategy for the Baltic Sea... [Read more](#)

#### Agreement on the 2012 budget



At a conciliation meeting, the Council of the European Union and the European Parliament came to an agreement on the Union's annual budget for 2012 in the night of 18th November. The increase will be to a total of 1.86%, therefore below inflation. The new budget will rise to 129 billion euros. Spending will focus on growth, in order to respect the Europe 2020 Strategy goals... [Read more](#)

#### Germany :

##### Europe on the agenda at the CDU Congress



On 15th November German Chancellor Angela Merkel called for the strengthening of budgetary discipline in the Union, as she spoke at the federal CDU congress in Leipzig. The new Europe which is being called for by Ms Merkel is explained in the resolution adopted by the party's congress. The CDU calls for a change in the treaties to include budgetary discipline, with automatic sanctions and the possibility of lodging a complaint with the European Court of Justice against those who infringe the rules of budgetary orthodoxy. The Chancellor's party is demanding the appointment of a Finance Commissioner, who would be responsible for monitoring budgetary discipline within the European Commission... [Read more](#)

#### France :

##### Franco-Russian Relations



French Prime Minister François Fillon travelled to Moscow on 18th November on the occasion of the 16th intergovernmental Franco-Russian seminar. He spoke with his Russian counterpart Vladimir Putin. During a joint press conference he recalled France's wish to support the modernisation of Russia and to contribute to the diversification of economic partnership: "exchange is taking place under two banners - that of cooperation and the modernisation of Russia". Discussions focused on several issues: space, energy, communication, transport, infrastructures and even military-technical cooperation... [Read more](#)

#### Greece :

##### The Government wins the confidence of Parliament



The new national unity government led by former Vice-President of the European Central Bank, Lucas Papademos, won the vote of confidence at the Greek Parliament on 16th November. 255 of the 293 MPs present voted in support of the new government, 38 voted against. Following this vote the Prime Minister and the Finance Minister started negotiations to achieve payment of the next part of the 8 billion euro package on the part of the European Union and the IMF... [Read more](#)

#### Italy :

##### The Composition of Mario Monti's Government

On 16th November, after having officially accepted the responsibility of becoming the President of the Council, Mario Monti unveiled his new government. The 17 Ministers comprising the government are not "political ministers" but "technocrats", indeed "the political parties have



chosen to support the government but without taking part in it." Mr Monti has accepted the post of head of government and Economy Minister. The Foreign Affairs portfolio has been given to Giulio Terzi di Sant'Agata, Defence has gone to Giampaolo Di Paola, moreover three portfolio have been granted to women: Interior - Anna Maria Cancellieri, Justice - Paola Severino, and finally Employment and Social Affairs has been given to Elsa Fornero... [Read more](#)

#### Mario Monti presents his austerity plan and wins confidence



On 18th November the Italian Parliament granted its confidence to the government formed by the new President of the Council, Mario Monti (at the Senate 281 votes in support, 25 against and the Chamber of Deputies 556 votes in support out of 617 present). On the previous day Mr Monti presented his programme as he delivered a speech to the Senate, which comprises three pillars: austerity, growth and equity. In line with the EU's requests he intends to reform the pension system (notably the increase of the official retirement age to 67); the labour market (reforms to foster equal protection) but also certain fiscal points (first by palliating the lack of property tax on the main place of domicile)... [Read more](#)

#### Poland :

##### Donald Tusk's New Government



On 17th November, the Prime Minister designate Donald Tusk, presented his cabinet. The government formed by Civic Platform (PO) led by Mr Tusk and the Polish Farmers' Party (PSL) includes 18 ministers, four of whom are women. The government won the confidence of the Diet on 19th November (lower chamber of Parliament), 234 votes in favour out of 447 MPs present (211 MPs voted against and 2 abstained). In a speech to the Diet Mr Tusk announced a wide range of reforms designed to protect growth and to resist the euro zone crisis better ( Poland is not a member of the euro zone) ... [Read more](#)

#### IMF :

##### Resignation of Europe Director



On 16th November Antonio Borges, Director of the IMF's Europe Department, informed the General Director, Christine Lagarde of his intention to quit the IMF immediately for personal reasons. The General Director informed the Board of her intention to appoint Reza Moghadam, the present Director of the Strategy, Policy and Assessment Department, to succeed Mr Borges and Siddharth Tiwari, the present secretary of the IMF will succeed R Moghadam. They took up their new functions on 17th November... [Read more](#)

#### UN :

##### Bosnia Herzegovina in political stalemate



The UN Security Council has said it is concerned about the political situation in which Bosnia-Herzegovina finds itself, since it is unable to implement the Dayton Peace Agreement signed in 1995. The High Representative for Bosnia-Herzegovina, Valentin Inzko, spoke of "political stagnation". The two States which form Bosnia-Herzegovina (the Federation of Bosnia-Herzegovina and the Serb Republic of Bosnia) have not succeeded in forming a central government since the elections in October 2010. "Narrow political ideas with regard to ethnicity and national issues" are impeding European integration and accession to Euro-Atlantic structures, he declared. However he noted that major progress had been achieved over the last 15 years and calls on the international community to remain in place in the country... [Read more](#)

## Mandate of the European Stabilisation force renewed



On 16th November the mandate of the Multinational Stabilisation Force of the EU in Bosnia-Herzegovina (EUFOR/ALTHEA) was renewed for one year by the Security Council. In a resolution adopted unanimously the 15 members of the Security Council called on "the parties scrupulously to respect the obligations that they subscribed to when they signed the agreements". The European task force is responsible for implementing the military aspects of the peace agreements (Dayton Agreements) signed in 1995. The stabilisation force, established by the EU in July 2004 replaced a NATO (SFOR) task force. Around 1,500 soldiers are stationed there. Since 2003 the EU has also had a police mission in Bosnia (EUPM). Its mandate expires in December 2011 and will not be renewed... [Read more](#)

## Eurostat :

### Inflation



On 16th November Eurostat published inflation figures for the month of October. In comparison with September, they have remained stable at 3% in the euro zone but have risen from 3.3% to 3.4% in the whole of the EU. A year ago inflation totalled 1.9% and 2.4% in the euro zone and the EU respectively. These figures are over the 2% threshold set by the ECB, but are not a source of concern for the time being since the Bank reduced its main rate to 1.25% at the beginning of November. The most important price rises affect transport, housing, alcoholic drinks and tobacco... [Read more](#)

### External Trade



On 15th November, according to Eurostat, the euro zone recorded a trade surplus of 2.9 billion euros in September in comparison with 500 million the previous year, and the EU's trade deficit, as a whole, declined from 13.9 billion euros in September 2010, to 10.5 billion this year... [Read more](#)

### Growth



The GDP growth of the euro zone and the EU rose only to 0.2% in the third quarter of 2011, according to a Eurostat publication on 15th November. Over one year growth rose to 1.4% in both zones. Growth in Europe in the third quarter is lower than that of the US (0.6%) and Japan (1.5%)... [Read more](#)

## Studies/Reports :

### Innovation and Intellectual Property



On 15th November the World Intellectual Property Organisation presented its annual report entitled "World Intellectual Property Report. The Changing Face of Innovation." This report reviews the main developments in the area of intellectual property. The authors note that the world demand for patents increased significantly between 1980 and 2009. The report focuses on the latest changes in innovation policy. It shows how the countries can foster innovation positively either via private companies or by public institutions... [Read more](#)

### Women/Europe



Europe stands apart because of its attachment to the principles of gender equality. Article 8 of the Treaty on the Functioning of the European Union stipulates that "In all its activities, the Union shall aim to eliminate inequalities, and to promote equality, between men and women." However, there is still a great amount of work to do. Pauline Massis Desmarest, editor in chief of the letter explains in an interview with Taurillon the main guidelines of the project "Women and Europe&Citizens' Initiative" launched by the Robert Schuman Foundation... [Read more](#)



## Publication :

### NATO post-Lisbon



Choiseul publishing has released a new issue of the review "Sécurité Globale". This issue is devoted to NATO after Lisbon. On this, the Robert Schuman Foundation has also published a paper by Pascale Andréani on "La France, NATO et l'Union européenne," which is available on our site... [Read more](#)

## Culture :

### LUX Prize 2011



On 16th November the European Parliament awarded the Lux Cinema Prize. It went to the film "The Snows of Kilimanjaro" by Frenchman, Robert Guediguian. The film won because of the themes it addressed, such as injustice, tolerance, goodness and commitment. The President of the European Parliament, Jerzy Buzek, declared during the ceremony, "What unites us is stronger than that which divides us..." [Read more](#)

### Berthe Morisot, impressionist painter



The Thyssen-Bornemisza Museum of Madrid is hosting an exhibition until 12th February 2012. It is devoted to Berthe Morisot, the first woman to have joined the impressionist movement... [Read more](#)

### Rome in the time of Caravaggio



Until 5th February the Museo Nazionale del Palazzo di Venezia in Rome is devoting an exhibition to Roman schools that followed Caravaggio and Caracci, the two biggest painters between the end of the 16th century and the start of the 17th century. Who were their colleagues? By means of 140 paintings from the biggest Italian and foreign museums and artistic scenes of the time, the exhibition attempts to respond to this question... [Read more](#)

### Surrealism in Paris



The Beyeler Foundation in Basel is devoting an exhibition to "Surrealism in Paris" until 29th January 2012. This important exhibition comprising 250 major works of art offers an excellent overview of the most influential artistic movements of the 20th century; Dalí, Duchamp, Ernst, Giacometti, Magritte, Miro, but also Oppenheim, Picabia, Picasso, Ray who used the following as themes in their pictures: dreams, subconscious, and the irrational.. [Read more](#)

### Modern Art



The Grand Palais is hosting the 6th edition of "Art en Capitale" from 22nd to 27th November. This event, that brings five "historical" exhibitions together offers the public a way of discovering more than 2,500 modern artists: paintings, prints, photos, architecture and installations... [Read more](#)

## Agenda :



23rd November

La Courneuve

Conference on "Independence lost and found: France and independence in the Baltic States 1921-1991".



24th November  
Brussels  
Energy Council

Paris, Ecole Militaire  
Conference "Towards a New European Treaty?" at the IHEDN



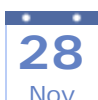
24th-25th November  
Nantes  
Seminar on "EU External Relations Law post Lisbon Treaty"



25th November  
Bransat  
Jean Cluzel Conference on "Europe, Globalisation and Governance".



25th-27th November  
Strasbourg  
Young Europeans of Strasbourg - Franco-German Seminar



28th November  
Paris, Maison de la Recherche  
Conference on the relationship between States and Religions in Europe from the French and Hungarian points of view.

Brussels  
Conference on "Monaco and the Euro : the new monetary convention between the EU and the Principality of Monaco."

EU-USA Summit



28th & 29th November  
Education, Youth, Culture and Sports Council



28th November to 9th December  
Durban  
UN Conference on Climate Change



29th November  
Brussels  
Eurogroup Meeting



30th November  
Brussels  
EU "Economy and Finances" Council

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