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Scenarios Europe 2010-2020
Possible Futures for the Union
Introduction by David Criekemans

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Preface

The development of the European Union has entered a crucial phase. More than ever, the Union influences the lives of its citizens through the completion of the internal market, the launch of the Euro, EU-plans for tackling unemployment, the coming *e-society* and so on. Nevertheless, the coming enlargement to 27 or more member-states raises the question how the EU will further evolve. What will be the shape of the future Union? What position will it obtain on the international scene? Will the Union be able to forge a bond with its citizens? Will an enlarged Union still be able to reach any decisions?

Looking at these issues from a scientific point of view is no easy undertaking. It involves an accurate scan of the opportunities and constraints embedded in future developments (Baker, 1998: 107-122). However, from a scientific point of view, the term 'developments' can be interpreted in many different ways. In order to closely investigate the possible future(s) of the European Union, two perspectives can be regarded as complementary to one another. Firstly, an *external scan* has to be made of the global situation, in terms of the present realities, trends and realistic possibilities that are relevant for the European Union as a whole. One might argue that the external setting can create new opportunities, but also new constraints for the Union. The EU will be forced to respond to these external developments, both through the policies to which she will commit herself, as through her (international) political organisation. It is thus, secondly, also necessary to make an *internal scan*, i.e. to look at the assets, weaknesses, constraints and opportunities that lie ahead within the EU-realm (one can think of the relation between European workers & employers, evolutions in unemployment, justice and home affairs, the bond between the EU-institutions and its citizens, etc.). The combination of both *internal* and *external scans* could then – in theory – lead to the consideration of alternative strategies in which both *scans* are linked to one another.

The critical reader has already detected the weaknesses behind the approach sketched above. Indeed, there are just *too many variables* to take into account. It is impossible for the analyst to know what relative weight he or she should allocate to each and everyone of the variables hinted above. Does this then mean that the scientific community, or political scientists for that matter, cannot or should not involve themselves in comprehensive predictions about the 'unknown future'? Not quite. One has to take a cautious road, however. Who – at the beginning of the 1980s for example – was able to safely predict the dissolution of the USSR, the birth of new states and the end of the East-West cleavage in Europe? Although some analysts hinted to these possibilities, they were seldom taken seriously by their colleagues, or by the mass media of the time.

Still, there is an instrument available to the international analyst that can be utilised to safely develop a comprehensive inventory of possible future developments: that instrument is *the scenario-approach*. The authors of the following two contributions

have chosen this instrument for a number of reasons. Hans Labohm, Jan Rood and Alfred van Staden of the Dutch Institute for International Relations 'Clingendael' offer a number of useful arguments about why they chose for the scenario-approach (Labohm, Rood & van Staden, 1998: 12-13). In their view, scenarios do not pretend to offer predictions of what will happen in the future. They underline that if one wants to gain insight into the forces that shape the future, one has to think in multi-causal terms. The Clingendael-team understands the scenario-approach as *a tool for prospective analysis*: they offer mental frameworks on the basis of which it is possible to assess how developments in various fields of human activity impinge upon each other. In this context, the authors underline that scenarios themselves are not 'visions', 'strategies' or 'policies'. They enable public and private decision-makers to 'stretch their minds', to mobilise new thinking and action, to improve communication within and among institutions, companies and individuals by establishing a basis for political, social and economic debate. Moreover, they are models of the future, and thus it is clear that they constitute mere simplifications of much more complicated and multi-faceted international relationships. The 'Clingendael-scenarios' on the possible futures of the European Union are presented in second instance within this *PSW-Paper*. The reader will discover that the Clingendael-team starts from a typical *International Relations-perspective*, in that sense that they primarily conduct an *external scan*: much consideration is given to the external world with which a future Union might be confronted: evolutions in the Atlantic solidarity with the United States, the relations towards the Russian Republic, possible long-term ties with China, etc.

Interestingly, the 'Forward Studies Unit' of the European Commission also recently published a similar document: "*Scenarios Europe 2010. Five Possible Futures for Europe.*" Their motivation was to bring a contribution to a wider public debate on the future development of the European Union. According to the Commission-team, illustrating the future by way of scenarios is *a way to overcome human beings' innate resistance to change* (Bertrand, Michalski & Pench, 1999: 10-11). The Commission sees their Scenarios-project as a means of seizing the new opportunities ahead, as well as avoiding undesirable effects of misconceived action. Important for the reader to know is that the Commission-approach somewhat differs from that of the Clingendael-team: the Commission officials give more attention towards the *internal scan*: the EU is seen as a polity which can't survive without its bond with the citizen. Quite interestingly, societal values & trends, (internal) technological advances, demography, social relations, civil society, etc. have been granted considerable weight in their investigations in contrast to so-called traditional 'external' variables.

The two scenario-projects are thus quite complementary. They were presented at a colloquium on March 29th 2000, organised by the *section 'International Politics' of the Faculty of Political and Social Sciences of the University of Antwerp (UIA)*. The following pages bring summaries from both teams of authors.

Scenarios Europe 2010. Five Possible Scenarios for Europe

Gilles Bertrand, Anna Michalski & Lucio R. Pench

In all of the Member States of the European Union (EU) there is talk of change and reform in all sectors of public life. It is a commonplace that Europe must change profoundly if it wants to meet the challenges of the next millennium. Faced with economic globalisation, the ageing of the population and the increasing complexity of public action, Europeans continually hear that the operation of their economies must be adapted and that the "European social model" must evolve if it wishes to remain faithful to the ideals which presided over its birth. The threats and the opportunities presented by the new technologies - in the organisation of economic life and in areas which may affect the evolution of the human species and the survival of the planet - are debated every day by the public. The idea that European societies, their values and their traditions are changing rapidly is also very widely accepted (even if the new values are often defined negatively, with the emphasis on their opposition to industrial society and mass consumption, without always knowing in which direction the new "postmodern" wind is blowing us).

This vague talk of change evidently creates problems as far as summarising it and linking the different bits of the puzzle are concerned. It gives rise to complexity, which baffles all Europeans and makes it practically impossible for them to grasp in practical terms the real impact of change on their life, their business and their region, etc. Similarly, it must not be forgotten that each of the changes announced with so much conviction has its own tempo, that they cannot all materialise overnight, and that the future depends to a large extent on the links between these trends over time and on any conflicts between them which may emerge.

The Scenarios Europe 2010 project

In the Scenarios Europe 2010 project the Forward Studies Unit has pursued an ambitious objective, given the scale of the research involved and above all the diversity of the uses for which the final product was intended. The scenarios were designed as images of the future of Europe which are coherent, plausible and thought-provoking. It is essential to remember that they do not claim to be forecasts or predictions. Similarly, although it is evident that the five scenarios presented do seem possible to us by the year 2010, we have not sought to assign any degree of probability to them. The very notion of probability can prove deceptive when one uses scenarios to ponder over the future: in particular, it is essential to consider scenarios which may seem less probable but which would have major political, economic and social consequences if they came about. Equally, the reader is advised to consider the five scenarios as a whole and not to make value judgements immediately about each one. Indeed, the individual characteristics of each scenario

must be fairly elaborate in order to justify its inclusion in the set, which can sometimes lead to a feature being exaggerated. It is therefore easier to understand certain nuances when one compares all the scenarios together, and it is only an overall approach which makes it possible to get full value from the exercise. Lastly, although they were produced entirely within the Commission, the scenarios do not reflect the institution's official position.

Another aspect of Scenarios Europe 2010 is that they are entirely qualitative. Any attempt at qualification would not only conflict with the initial design, but would also constitute an artificial addition which would in no way increase the informative content of the exercise. Many of our choices were to a large extent determined by the stated desire to stimulate as wide a debate as possible. Deliberately, none of the scenarios presented is entirely rosy, and none is entirely gloomy. Each is supposed to contain positive and negative aspects which present a composite and even contrasting picture of the future. Similarly, we have tried not to be normative: the exercise was designed so as to reduce value judgements to a minimum, starting from the principle that, in a given context, qualifiers such as *good* or *bad* mean different things to different people. Lastly, the complexity and number of the scenarios were limited so that they would be easily distinguishable from each other. For the same reason, it was decided not to develop a trend scenario, not because it is impossible to project current trends, but simply because other scenarios appeared more thought-provoking - and more interesting and useful as regards their potential political consequences.

#1. Triumphant Markets

This first scenario echoes the almost uniform movement of the world towards free trade and the market economy. From the early years of the 21st century the United States continues to record excellent economic results and appears to get to grips with the third industrial revolution, whereas the other regions of the world fail in their attempt to pursue an alternative course (whether the European "Third Way" or models advocating "Asian values").

In this context, the economic and social systems of the rest of the world are forced to align with the main features of the American model, namely the search for maximum flexibility and giving the individual responsibility for his own education, sickness cover, old age pension, etc. Europe itself can only see the problems of reforming its welfare states and their poor operation, the source of a growing failure to meet the needs of the economy. So it too undertakes large-scale liberal reform: European political debate swings to more individualistic values - growing respect for private property, social meritocracy, etc. - and the Member States drastically reduce retirement and social protection systems.

The conversion of Europe to the American model is complemented by the convergence of economic theory and practice in the Triad and the developing world. Faced with this convergence in economic approach, the three great monetary powers plan to co-ordinate their budgetary policies more fully and to limit fluctuations in the YES (yen-euro-dollar) zone. The increasing fluidity of economies makes an acceleration of technological progress and its use by firms possible. Consequently, the principles of free trade are adopted widely. There is even question of creating a world-wide free trade area by 2025.

In Triumphant Markets, Europe is a dynamic economic entity characterised by strongly growing trade flows, increasing productivity in all sectors, inflation which has been curbed once and for all, and a return to full employment. On the other hand, European societies are torn more than ever by social and regional inequalities. The dualisation of the labour market (very low wages for unskilled work and very high ones for top-level jobs) stimulates the economy, in particular in advanced sectors, but also gives rise to a large number of *working poor*. More generally, the increasing fragmentation of European societies and a significant deterioration of social ties and the collective conscience are observed.

In Triumphant Markets, the European Union is basically an increasingly unified and ever-growing European economic area. Political integration projects are shelved, and cost becomes the main concern of national political leaders: it is this short-term, *value-for-money* approach which underlies the negotiations on the Community budget and the almost complete dismantling of the common agricultural policy. On the basis of this essentially economic common project, the enlargement of the EU can proceed rapidly and involve most of the countries which wish to join the club (Switzerland, Iceland and Norway in 2004; Cyprus, Malta and the ten Central and Eastern European countries between 2005 and 2008; and Turkey after 2007). In this scenario, the accession of new members is the only genuine advance as far as European integration is concerned: all the rest, from foreign policy to environmental protection via institutional reform and social Europe, is either blocked or regarded as secondary by governments.

Behind the dream of a frontier-free economy lurk three main dangers, without the international community being able to control them. These are: the increasing inequality between rich and poor countries (globalisation continues to benefit only a minority of the world's population), the accelerating deterioration in the planet's ecosystem (the consequence of a growing number of human beings attaining western standards of consumption) and the spread of organised crime, which takes full advantage of the opportunities offered by new technologies and trade liberalisation.

This first scenario, therefore, presents a Europe which has managed to adapt to the global dynamic and whose economic prosperity seems assured - at the price of excessive concentration on short-term profitability and major concessions as regards its traditional values of solidarity and social cohesion.

2. The Hundred Flowers

The Hundred Flowers is a differentiated scenario in which, if one takes an overall view, dynamic features at local and micro level exist alongside the risk of paralysis in the main institutions of collective life. Maximum use of the new information and communication technologies leads to an explosion of micro-activity, but bureaucracies (both public and private) and traditional political systems are falling apart against a background of crisis among the leading nation states and increased fragmentation of the European area.

The scenario is rooted in the crisis in public action that was already noticeable at the end of the 20th century (it really is a question here of public action, i.e. both political life and the operation of government). Faced with the growing complexity of societies, the extreme variety of private situations and the explosion of micro-initiatives made possible by the new technologies, political systems and large bureaucracies have not been able to adapt. To differing degrees, this failure has led most countries of Europe into a vicious circle of outrageous scandals, affairs and crises. Europeans have become increasingly cynical towards public systems and large firms. In The Hundred Flowers, this disorder turns to irreversible disenchantment with the old way of governing, and the years 2000-2005 are marked by a massive crisis of confidence in which attacks on the courts, absenteeism, tax evasion and civil disobedience completely wear down the "big bureaucracies".

In this period of confusion, Europeans react by falling back on local life and making increasing use of the underground economy. Local identities are strengthened, and this is accompanied by an explosion of neighbourhood structures and the associative sector (networks for the exchange of competence, neighbourhood solidarity, micro-credit activities, etc). New shared values emerge which are a nostalgic mix of local action, neighbourliness and a return to nature, and the consumer society is gradually replaced by a new form of local economy, more oriented towards the neighbourhood and quality and partly demonetised (for relatively simple exchanges of goods and services).

The European landscape grows darker when one takes a more general view: the macroeconomic balances are more or less maintained and the economy as a whole manages to regulate itself, but the lack of effective regulatory bodies makes itself felt in more ways than one. Differences in revenue between regions increase, accentuated by a political crisis which affects the weakest regions most (for regions with a solid economy and identity this scenario is of course positive, and some even become independent states *de facto* if not *de jure*). Social differences also get wider: systems of social protection start going downhill, even if they continue to irrigate society erratically. In addition, geographical, social and political fragmentation, coupled with the erosion of established structures, gives rise to local outbreaks of violence, ethnic tensions and soaring organised crime (in 2010, Mafia's of various types control certain national or regional governments).

European integration is losing contact with the real world because of the crisis in public action in the Member States. A victim of national governments' lack of legitimacy, the Union is forced in particular to abandon the project of enlargement to the East after only four Central and Eastern European countries have joined (2006). In general, the European institutions are drifting. The Union is undermined by the quarrels between its Member States and loses its credibility.

The world situation is marked by continuing globalisation against a background of general inertia. There is a widening gap between the weakness of international co-operation and the rapidity of globalisation and technological change.

The Europe of The Hundred Flowers, therefore, is a mosaic of states, regions, cities and fiefdoms without an overall rationale. Inequalities in it are marked, and the law is weakened on a long-term basis. There are signs, though, of a "grass-roots renaissance" at local level.

3. Shared Responsibilities

Unlike Triumphant Markets and The Hundred Flowers, in Shared Responsibilities the public actor plays a dominant role. Europe carries out a wide-ranging reform of its systems of government at all geographic levels (regional, national and European) and introduces a new method of conducting public action. In a prosperous international situation it manages to carve a middle way which, while not ideal, combines the ideals of solidarity and social cohesion with technological innovation and economic efficiency.

The main cause of change is to be found in the gradual transformation of the public sector. Early in the 21st century the governments of the Union launch a thorough, co-ordinated reform of the public sector based on four "reforming principles" already emerging in the 1990s: decentralisation, transparency, responsibility and a duty of Cupertino between the different levels of government. After a few years, the reform makes it possible for public action to focus again on stimulation and facilitation, thereby giving more of a role to new actors or ones who are closer to the grass roots - regions, non-governmental organisations (NGO's), civil society, etc. The number of negotiating, co-operation and collective learning situations increases, as does the necessity for regional and national contracts, i.e. for development projects which politicians and governments undertake to carry out within a given period. The principle of mutual commitment between the citizen and the State also becomes widespread, particularly in fields such as education and social assistance.

This rationale yields results in three main areas: social protection, in particular because pension systems are aimed at a more equitable sharing of income between generations; employment, through the concerted reduction of the advantages of wage earners holding a traditional job (*insiders*) and the spreading of *local employment pacts* linking businesses, universities, the associative sector and employment

agencies; and industrial policy, in particular through the implementation of initiatives which highlight the information technology requirements of European companies - in order to encourage individuals and firms to become fully versant with such technology.

As a result of these political advances and the favourable international climate, the overall performance of the European economy is sound and the continent's societies adjust rather well to the situation (the values of trust, solidarity and responsibility are fairly widely shared by Europeans). Poverty and geographical inequality have stopped growing but have stabilised at a high level. Social protection remains solid, even if the generosity of previous decades is clearly no longer fashionable, especially where pensions are concerned.

The European Union successfully expanded by receiving thirteen new Member States between 2004 and 2009, and the opening of negotiations with Turkey is on the agenda. The enlargement was made possible by a significant reform of institutional mechanisms and above all by a wide public debate on the common political project for Europeans. The Union's budget was increased by a reasonable amount, and Community activity was consolidated in fields such as justice and home affairs or foreign policy. In particular, the Union established wide-ranging political partnerships with most neighbouring countries. On the other hand, it now has to process twelve new accession applications, which means that there is a fresh risk of paralysis and a need for further political and institutional reform. The fact remains that the Union's influence extends beyond its immediate surroundings: Europe is now capable of speaking with one voice and is slowly becoming the advocate, on the international stage, of multilateral institutions and of values linked to human rights and sustainable development.

Shared Responsibilities has all the characteristics of a scenario of long-term compromise and top-down reform. Decision mechanisms have become considerably more cumbersome: political life is comprehensible only to a minority of "active citizens". The public actor is still very much present, but there is a risk that bureaucratic or dirigist shortcomings may reappear. Nevertheless, consensus politics ensures, once decisions have been taken, that the various measures are applied properly in the Member States. The scenario to some extent is a somewhat austere exercise in perpetual tightrope walking against a background of relative indifference among the general public.

4. Creative Societies

The fourth scenario, Creative Societies, is also one in which economic and political systems are thoroughly transformed. It is at once more revolutionary and more introverted than the previous scenario, and in it Europe is seen to champion new social and ecological values.

The Creative Societies scenario has its roots in the serious discrepancy between the European values of the end of the 20th century and the political and economic systems of which they are part. Faced with the rise in insecurity (genuine as well as perceived) and ever greater professional requirements, Europeans seemed in particular to aspire to a better quality of life and an economy which respects the environment and the personal development of each. Prisoners of their own logic and impotence, the business world and the political class seemed incapable of meeting this demand.

In a difficult international climate, European governments attempt in 2002 a coordinated reduction of social expenditure, which brings the underlying crisis to the boil. The situation deteriorates with a year of massive strikes and urban violence in several Member States. Events are sufficiently serious to make possible a radical change of political direction: the *European Forum*, a sort of cyber-States-General for the continent, set up to re-establish order, prepares the way for ambitious reforms in 2005-06.

Inspired by a radically different approach to wealth, production and welfare, the new political elite's carry out a reform of the very basis of industrial society. The accounting and tax systems are thoroughly overhauled by introducing new taxes on pollution and international financial movements and better use of human capital and the environment (introduction of *human accounting* and *green accounting* for public and private bodies). To balance this, labour and consumption are granted relief from the high taxes of previous years. The other major innovation is the recognition and financing of new types of activity outside the market rationale (services of general interest, cultural stimulation, associative activities), each citizen having a time credit of five years to devote to them. To stimulate demand for these new goods, the Member States have introduced a system of *vouchers* (a proportion of wages may henceforth be paid in the form of leisure and culture cheques).

The reforms have had a positive impact on social and regional inequalities and on employment (the Europe of Creative Societies has returned to full output). The economic impact is still distinctly differentiated: the recession, capital flight and massive relocations at the start of the 21st century have upset economic life and the long-term functioning of the single currency. However, a few innovative firms have managed to benefit from the new economic and social organisation and the higher level of flexibility and creativity which it allows. The economy takes off again gradually, borne up by services, especially the knowledge and creativity sectors (information technology, research, education, etc.), tourism and environmental protection.

On the other hand, Creative Societies shows a tendency towards introversion. The scale and difficulty of internal reforms prevented the Union from developing an active external policy. Enlargement is slowed down by the new social and environmental requirements of the Member States (in 2010 the EU has 22 members

and negotiations are being conducted with the others). While some progress has been made on the internal aspects like social policy or environmental protection, the common foreign and security policy marks time, even though plans are being studied for an ambitious policy towards neighbouring countries (the Mediterranean and the non-member countries of Central and Eastern Europe). Generally speaking, in Creative Societies, the Union proclaims its new principles loud and clear on the international stage, but it rarely gives itself the means to put them into practice.

On the time scale of Scenarios Europe 2010 it is still impossible to say whether this post-modern Europe is preparing the way for a world-wide *spiritual renaissance* - or whether it is simply retreating from global realities.

5. Turbulent Neighbourhoods

The fifth scenario is determined to a large extent by the accelerated deterioration in the economic and political situation in Europe's neighbours. In Turbulent Neighbourhoods, Europe tries in vain to become a fortress, and security (both internal and external) becomes the number one public concern. This psychology of the besieged citadel prevents any large-scale economic and social reform and leads to the return in strength of the nation states.

In this scenario, international political tensions are aggravated by relatively low world growth and the absence of superpowers capable of controlling local conflicts. Twenty years after the fall of the USSR, the systems of allegiance of the Cold War have given way therefore to networks of small-scale actors which are hard to control: ethnic guerrillas, terrorist groups, organised crime, etc. The developed countries and their populations have not immediately realised the danger represented by these threats, thus accelerating the process of deterioration at work everywhere in the world.

In the Union's neighbours, the situation becomes increasingly tense at the beginning of the 21st century, whether it be the risk of military or religious dictatorship around the Mediterranean or the latent ethnic conflicts present throughout the region. The situation becomes critical when the United States openly announces its intention to let the Europeans assume their own responsibilities where defence is concerned. In 2003 the deliberate poisoning of a river by the terrorist arm of an ethnic minority triggers the Thirst Wars on the Union's immediate borders. When terrorists succeed in exporting the conflict onto European territory, the governments of the Member States respond to public pressure and decide to intervene militarily. The big Member States openly take control of the Union's security policy and set themselves up as the European Security Council, which will decide to use force externally on four occasions during the decade 2000-2010. At the same time, to reassure the European population, a Euro-vigil plan is put into action, the result of which is a strong military and police presence within the Union itself.

The difficult external situation has strong repercussions on Europe's internal life. National governments use security threats to reassert their governmental authority, and the pervading authoritarianism receives massive support from public opinion, which is closed to change and increasingly intolerant. The priority given to security policies pushes into the background the structural reforms required by the economy. The obsolescence of the public services and excessive centralism discourage those who advocate flexibility. The traditional weaknesses of the European economy - the importance of taxation, insufficient specialisation in the *high tech* sector - combine with the inefficiencies induced by the increase in interventionism and protectionism.

The deterioration in the Union's neighbours has therefore profoundly changed the EU and in particular its institutions. The preoccupation with security influences all reforms in all sectors. The accession of new members is severely limited (only five Central and Eastern European countries join), and the creation of the European Security Council and common security agencies (common border police, European Intelligence Service, etc.) are the only significant advances as far as European integration is concerned. At the same time they illustrate its increasingly intergovernmental character.

As regards economic integration policies, EMU, which has not been extended to other Member States, operates under close political supervision, the independence of the European Central Bank has declined, and the single market is hampered by protectionist industrial policies in the Member States.

The decade to 2010 looks stormy therefore for Europe, both externally and in matters of internal policy. Outside the strictly European context, the whole of the world's political system is sliding into a rationale of uncooperative withdrawal.

Conclusion

Although it is still too early to draw precise lessons from the Scenarios Europe 2010 exercise, it seems clear even at this stage that policy recommendations should be based on the following priorities:

- The reform of public action requires an overall approach. It must be formulated and undertaken as part of a common project constructed around clear political priorities and involving all levels of governance - regions, national and European. Reform of governance which takes account of only one or two of these levels would be incomplete. Similarly, a public debate on a wide scale - the only way of determining clear common priorities which are shared by Europeans - is an essential preliminary to any reform of European public action.
- The changes in the economy and society require radical adjustment of labour markets and systems of social protection. The ageing of the population, the break-up

of family structures, the growing importance of the services sector in the structure of production, and flexibility are all tendencies which are forcing the principle of standardisation that underlay the construction of the welfare state to be gradually abandoned. If it does not overhaul its institutions and social policies, Europe risks seeing its competitiveness and capacity for social integration drifting off course, and a political crisis may even come about because policies whose results are too often unpredictable are rejected.

- The expanded Union must make sure that it builds relations of trust with neighbouring countries. Such relations should be based partly on specific economic factors (trade, transport, infrastructure, environment, research and development etc.) and societal factors (closer links between citizens, culture, education, etc.) and partly on on-going political co-operation concerning the major challenges to the continent (stability, organised crime, terrorism, the deteriorating environment, nuclear safety, etc.). Clearly, the development of such a neighbourhood policy should go hand in hand with the process of enlargement and the clarification of the European political design.

Europe on the Threshold of the 21st Century. Five Scenarios.

Hans H. J. Labohm, Jan Q. Th. Rood, & Alfred van Staden

Driving Forces and Scenarios

The future can only be captured by thinking in terms of multi-causal relationships. At the same time, reality is clearly so multifaceted and complex that it is simply not feasible to address all variables that might have any relevance. Scenarios will therefore have to start from a limited number of key factors, which will function as driving forces.

In this exercise, the following two dimensions of the international system occupy a central place:

- The predominance of economic issues and concerns, versus the predominance of security issues and concerns in international relations ;
- Further integration of political units (states and/or regions) into the international system, versus fragmentation whereby blocs and states become more isolated from each other.

The first dimension reflects the view, so popular today, that, partly because of the end of the Cold War, but above all as a result of economic and financial globalisation, competition between states is shifting from the politico-military field to the economic-technological domain. At the end of this millennium, the rise of the trading state, which Rosecrance (1986) predicted would become the successor of the traditional military-territorial state, will reach its apogee as part of a closely integrated global market system. Ultimately, this will result in a system in which the role of states, as independent units of military power, will become so irrelevant that any risk of interstate conflict will have disappeared. Contrary to this rather rosy view, Luttwak (1993) and Thurow (1992) claim that the economisation of international relations has brought about a transition to a new phase of interstate and interregional conflicts, this time aimed at the control of markets and capital. Against this background, geopolitics has to give way to the mercantilist play of geo-economics, with the US, Western Europe, Japan and China as main rivals. Economisation may trigger spill-over effects and create the possibility of a continuation or even re-ignition of rivalry in the security field, in such a way and to such a degree that Western European countries will suffer at least collateral damage (Mearsheimer 1990).

The second dimension concerns the question as to how far the most important units within the international system will try to regain their autonomy, with the ensuing erosion and fragmentation of multilateral cooperation and patterns of alliance as a

result. Or, alternatively, will they aim for further integration and accept their subordination to international agreements and institutions? Will there be a trend towards real globalisation, in the sense that almost all countries will effectively take part in economic, financial and information networks that will encompass practically the entire world? Or will international relations be characterised by growing regionalisation, with relatively closed blocs as its most important constituent parts?

With these questions in mind, the following more or less plausible scenarios, with a time horizon of roughly 2020, will be dealt with. Figure 1 shows these scenarios in relation to the two main dimensions.

	← <i>Fragmentation</i>	<i>Growing Interdependence</i> →
↑ <i>Military</i> <i>Factors</i> <i>Prevail</i>	# 3 Europe in a Shambles # 2 Muscular Europe	# 1 Europe in Tutelage
↓ <i>Economic</i> <i>Factors</i> <i>Prevail</i>	# 4 Mercantillist Europe	# 5 Globalised Europe

Figure 1: Overview of the scenarios

The Clingendael-Scenarios

1. Europe in Tutelage

The EU undergoes further deepening in the economic and monetary field. But after the Summit of Amsterdam (June 1997), which showed a lack of progress on cooperation and integration in the field of security and defence policies, no new efforts are made to develop the EU's own security and defence identity. The asymmetry which was so characteristic of the transatlantic community until 1989 continues to dominate the relationship with the US, in the sense that Western Europe remains subordinated to the United States as the undisputed leader. To the Americans, although their involvement in security matters has become more selective, Western Europe remains a strategic asset. As was already observed by Richard Holbrooke in 1995, 'an unstable Europe would still threaten essential

national security interests of the United States. This is true after the Cold War as it was during the Cold War' (Holbrooke, 1995, p. 38). In the field of security and defence, however, a certain division of labour between the US and the EU develops, in which the EU, materially dependent upon NATO and on the basis of a weak *acquis*, takes its own responsibility for the implementation of security operations at the lower end of the spectrum of the use of violence. These operations relate to peacekeeping, humanitarian support missions and crisis management, the so-called Petersberg tasks, which were incorporated into the Treaty of Amsterdam. As a result, the fear that, when the Soviet threat disappeared as a source of cohesion, NATO would inevitably disintegrate proves to be unfounded.

Within the European Union, Germany keeps a rather low political profile. This country asserts itself primarily in the economic field. Even more importantly, the Franco-German axis is reinvented and plays a leading and stimulating role, particularly in the reform of the European economy. The process of European economic integration flourishes. The economies of the member countries become more and more intertwined, so that the Union comes closer to achieving its original objective: a real common market. Moreover, EMU proves to be a success. Backed by sound monetary and macroeconomic policies, the Euro becomes a strong currency. The enhanced cooperation between the Euro frontrunners acts as a catalyst for further policy harmonisation in related policy fields, especially fiscal policy. They are closely followed by those countries which did not yet qualify for accession to the final phase of EMU, or preferred to stay out. Both the EU and NATO enlarge, in accordance with the decisions and strategies agreed upon at, for example, the NATO Summit in Madrid (July 1997) and the European Summit in Luxembourg (December 1997). It means that the expansion of the European Union takes place gradually, with only those countries which qualify for membership being admitted. This rather slow process enables the Union to maintain its decision-making capacity and its internal cohesion, but without making any real steps towards greater federalisation of the Union.

The rather slow pace of expansion also enables it to maintain a stable relationship with Russia. As was feared during the discussion on NATO enlargement, this country has not opted for a policy of confrontation and isolation, but is involved in European cooperation at 'arm's length', on the basis of a special partnership relation (both with the EU and NATO). The process of democratisation and market reform in Russia, moreover, proves to be irreversible, and continues, although from time to time interrupted by occasional shocks and setbacks.

As a result of continuing economic and financial globalisation, worldwide international relationships are characterised by a shift in emphasis from geopolitical matters to geo-economic issues. Economic and technological rivalry between the four most important economic actors - the US, the EU, Japan and perhaps China - dominates the world economic system. Their mutual relationships are marked in particular by fierce competition for market shares and (investment) capital, yet within

a framework of continuing liberalisation and integration of international markets. This development is accompanied by a further strengthening of the process of economic regionalisation, which had already started towards the end of the 1980s with the initiatives for the EMU, NAFTA, APEC, Mercosur, etc. But, unlike the regionalisation of the 1930s, regionalism in the new millennium is of an open character. Initiatives for regional economic integration are introduced, particularly for countries of the former 'third world', with the aim of stimulating their internal economic liberalisation and strengthening the competitiveness of their region on the world markets.

Besides their partnership in the field of defence and security, the US and the EU also cooperate closely in the fields of trade, technology and finance. Here, though, the relations between both sides of the Atlantic are more symmetrical, with the EU, as one of the most important economic actors in the world, assuming a co-leadership role within forums such as the WTO, the international financial institutions and the G-4 (the former G-7, whose members, as a result of EMU, are now the US, the EU, China and Japan). The strong relationship between the EU and US is based on a number of factors. First, the US, although the only remaining superpower, also has to depend on reliable partners to protect its vital interests. In view of their common history and values as well as their long experience of mutual cooperation, Western Europe is America's most stable and 'natural' partner in coping with the challenges of an ever more complicated and interdependent world system. In addition, continuing economic and demographic shifts draw the US and Western Europe closer together to prevent a marginalisation of the transatlantic heartland of the post-1945 world economic system. In response to this, within the framework of the so-called 'transatlantic dialogue' that started in the 1990s, a close bilateral and institutionalised relationship develops between the US and the EU.

Despite this, no substantial progress is achieved in the field of international peace and security, particularly in relation to the ability of the international community to respond decisively in the event of threats to international peace and security. The capacity to act effectively depends now, as in the past, primarily on the position of the most important members of the UN Security Council, and in particular their willingness to intervene in essentially internal conflicts. Peacekeeping and peace-enforcing operations do take place under the formal authority of the UN, but, in operational terms, often within the framework of ad hoc coalitions and regional security organisations. Although the US is more reluctant to act than it used to be, its leadership role remains crucial in initiating cooperative efforts in the field of conflict management backed by Combined Joint Task Forces (CJTFs). With regard to the pattern of conflicts, there is relative stability in emerging countries and regions as well as in countries and regions in transformation. The 'zone of turmoil' remains restricted to enduring internal conflicts, but these do not constitute any threat to the stability and the cohesion of the Atlantic region.

2. Muscular Europe

The European Union takes a crucial step forward in its integration process through the creation of an autonomous security and defence identity within the framework of the second pillar. By incorporating the WEU into its structure and by introducing the rule of majority voting in the field of security and defence policy, the EU is able to develop its own, independent military capability, supported by an effective foreign and security policy. By pooling its military capabilities, Europe becomes a major military player on the world scene. This 'pooling' of resources includes not only conventional forces but also the nuclear capabilities of France and Great Britain. As a result, 'Europe' obtains its own nuclear force and its own deterrent. The only way to take this step forward is to accept the formation of a great-power directorate composed of France, Great Britain and Germany. This is the price that the smaller member states have to pay to keep the military cooperation between the larger European countries within the institutional framework of the EU and in particular to enable the Union to respond effectively to increasing instability in the eastern part of Europe and to the renewed political ambitions of Russia.

This development is to a large extent the result of the success of EMU, which not only helps to strengthen the economic position of the EU towards the outside world, but in particular promotes enhanced cohesion between the member states. EMU turns out to be a catalyst for further integration, not only in the field of security and defence, but also in the fields of industrial cooperation (aircraft, telecommunications and defence industry), policies concerning fiscal harmonisation and social security, legal cooperation, etc. The deepening of the integration process is given a particular boost by the formation of a core group of countries that are in favour of further supranational integration as a logical follow-up to the EMU.

The enlargement of the Union is dictated by strategic considerations and is aimed primarily at stabilising the eastern border of Germany. The first group of new members will therefore consist of Poland and the Czech Republic, complemented by Hungary, Slovenia and Estonia. The other candidate members with whom the European Union has agreed to enter into accession negotiations (Bulgaria, Latvia, Lithuania, Romania, Slovakia and Cyprus) are not allowed to join in the short term. Russia, being excluded from the European structure of economic and political cooperation, falls prey to nationalist and populist forces, looking for revenge for the 'humiliations of the past'. In response, the Russian leadership adopts a strong anti-Western policy, whose goal is the restoration of the former Soviet empire. As a result, the relationship between Russia and the rest of Europe becomes increasingly tense. To the EU, Russia becomes one of the most important sources of instability in Europe.

But the transatlantic relationship also turns sour. In the economic field, the EU and the US are dragged into persistent and escalating trade and economic conflicts on a broad range of issues. This has happened before. Crises, confrontations and conflicts

have been an almost integral part of the post-war Euro-American relationship. Accordingly, there have always been doubts about the cohesion of the Alliance. But, despite all the frictions and disputes, the two sides of the Atlantic did not drift apart. The presence of the Soviet Union as a common enemy cemented their relationship. Or, in the words of Philip Gordon, '*A common purpose held the allies together even when their economic, political or even military interests temporarily diverged*' (Gordon, 1996, p. 34). But circumstances have changed fundamentally, a fact that was blurred during the first decade following the end of the Cold War by the bureaucratic inertia of cooperation within NATO. But under the surface, tensions were rising. First, in the absence of a direct Soviet threat to Western Europe, the US security commitment has loosened. Second, the international system is subject to a process of multipolarisation, from which new power configurations and patterns of alliance emerge. As the EU has developed its own security and defence identity, and is becoming less dependent on the US to help it pursue its security policies, the EU transforms itself from a partner into a potential rival of the US. And finally, in the economic field, the rise of the Euro as a challenge to the dollar as the leading world currency leads to increasing frictions between the US and the EU in the monetary and macroeconomic policy fields. In consequence of all those factors, the two sides of the Atlantic become more and more alienated from each other, and in the end the Atlantic alliance falls apart.

Rivalry is also rampant worldwide. As a result of increased European-American economic friction, the world economic system relapses into a sort of 'benign mercantilism'. In particular, the world trade system is characterised by fierce rivalry for market shares, and by aggressive unilateralism and bilateralism at the expense of the functioning of the multilateral organisations. The international security system sees the rise of new big powers, a realignment of military-strategic relationships and growing political divisions. The peacekeeping and peace-enforcing activities of the UN remain limited in size and scope and are hardly effective under those circumstances.

Neither the US nor the Western European states are prepared to provide the world organisation with the instruments and the mandates it needs for the effective execution of its tasks. Although the US is still the world's 'Number One', the country moves back into its erstwhile isolationist posture. Western Europe sees its role confined to its own sphere of influence (North Africa, the Mediterranean, Central Europe and the Balkans). In particular, the EU's relations with the Balkan countries, the Middle East and North Africa are problematic as a result of persistent instability in those areas, political extremism and terrorism, and Islamic fanaticism. The risk of a spill-over of instability from those regions into Western Europe has been one of the reasons why the EU has strengthened its own security and defence dimension. Emerging powers refuse to integrate into the post-war multilateral arrangements and institutions. Consequently, collective security intervention henceforth takes place on a regional basis. But regional organisations, such as the OAU and ASEAN, are often unsuccessful in securing the stability of their own regions.

3. Europe in a Shambles

In this scenario, Europe falls apart and 'slides back into history', as a number of observers have predicted as being the inevitable result of the end of the Cold War. The EU falls prey to disintegration, intra-European rivalry and a return to the old European coalition politics, characterised by shifting partnerships. Attempts to reform and deepen the Union and to make the integration process irreversible remain unsuccessful. This had already become apparent during the negotiations on the Amsterdam treaty, which clearly underlined the limits of the integration process and the unwillingness of an increasing number of member states to give up more of their sovereignty.

One of the most important factors contributing to the stagnation of the integration process is the increasing antagonism in Franco-German relations. Once the engine of European integration, the relations between France and Germany are increasingly characterised by tension and distrust. This is partly the result of the change of political generations that set in after the electoral defeat of former chancellor Kohl in 1998. But more important is the new self-confidence of a re-united Germany, which as the largest and strongest member state of the EU is no longer prepared to support French leadership aspirations and pay a disproportionate part of the burden (financial or otherwise) of European integration. Conversely, there is growing suspicion in Paris about German intentions, and particularly about German policy towards Central and Eastern Europe. Moreover, in spite of the hopes that were raised by the new Labour Government when it came to power in 1997 that it would put Britain at 'the heart of Europe', the UK remains aloof from the main developments in the European continent; it continues to indulge itself in its self-defined 'special relationship' with the United States.

European enlargement gets bogged down because of conflicts between net contributors and net-recipients. On the one hand, Germany, strongly supported by The Netherlands, refuses to pay more to the Union just so that it can expand. On the other hand, the southern EU members refuse to give up their financial privileges, and block any decision to open the Union to new members. In response, Central European countries turn against the EU. Due to the absence of further progress in linking these countries to the EU, a power vacuum develops in Central Europe and the Balkans. Against this background, the traditional German fear of instability on its eastern borders becomes, in the absence of adequate support from its partners, a reality. Forced to pursue its own *Ostpolitik*, Germany's *Westbindung* is put under great pressure. There is a growing propensity to acquire a *Vormachtsstelle* in the direction of Eastern Europe. Consequently, Germany and Russia will vie with one another for dominance in this region.

French security policy, on the other hand, is focused primarily on the increasingly unstable situation in the Mediterranean and North Africa, especially in response to the growing fragmentation of this continent. Africa continues to suffer from ethnic and religious conflicts and there is a lasting 'Malthusian' gap between the growing population and the limited means of subsistence. In particular, the rise of political extremism and the spread of terrorism constitute a direct threat to the southern member states of the EU, and, in view of its large community of immigrants from North Africa, to France in particular. In the absence of a credible European response, France is forced to reorient its security posture more and more to the south. In reaction to these divergent policy outlooks and interests, tensions within the EU rise to such a level that they lead to the stagnation of the integration process and the gradual re-nationalisation of policies.

Furthermore, the EU is exposed to rising nationalism, partly because of growing economic and social problems within the member countries. Although the realisation of the internal market and the introduction of a common currency were meant to strengthen the economic position of Europe by making it more competitive, in the end this gets bogged down in the inability of European societies to reform themselves and to introduce greater flexibility and individual responsibility. As a result, Europe continues to labour under socio-economic arteriosclerosis. Unemployment remains high and economic growth stalls. This applies particularly to Germany and France, the two core countries of the European Union, where the coming to power of leftist governments makes economic reform impossible. Their policies lead to the internal market coming under great pressure as a result of measures introduced to protect national industries and to the failure of the introduction of the European common currency as a result of conflicts between national governments and the European Central Bank about interest rates and exchange rate policies. With the collapse of the internal market and the EMU, the integration process comes to a standstill and fragmentation of the Union is inevitable. All this results in a marginalisation of Western Europe on the global level.

While Europe lags behind, both economically and technologically, the AsiaPacific region and Latin-America show accelerating growth. The US is also thriving. The centre of gravity of the world economy shifts towards Asia, where, besides Japan, China and Indonesia also develop into dominant economic powers. In response to the inability of Europe to cope with its own problems, the US turns away from the Old World as an insignificant, hopelessly divided region which is past praying for. US foreign policy priorities shift towards their own region, where NAFTA develops into a free-trade zone which embraces the entire western hemisphere. At the same time, the economic integration of the US with the Asia-Pacific region gathers momentum. As former US Secretary of State Warren Christopher predicted back in 1993, when he stated that "[n]o area of the world will become more important for American interests than the Asia-Pacific region", this 'drift to the Pacific' leads to Asia becoming the primary focus of US foreign policy.

From the security point of view, there is a resurgence of conflict in former Yugoslavia, causing tension all across the Balkans. The lack of agreement between European countries thwarts any effective intervention. The UN, moreover, is unable to play a role of any significance in the field of security. Issues of peace, security and stability are determined by regional developments and the willingness of the US to commit itself. The US, however, opts for a policy of relative isolation and selectivity. Its security policy mainly serves its national (economic) interests and is therefore restricted to intervention in Asia and the Middle East.

4. Mercantilist Europe

The process of European integration makes substantial progress, specifically in the economic field. The common market is completed by the introduction of the EMU, the final stage of which started on January 1, 1999. But as a result of the rather flexible application in 1997 of the criteria for accession to EMU, its composition turns out to be broad and diverse. Because a number of countries lack the 'stability culture' which was so much cherished by the Netherlands and Germany, EMU proves to be unstable. Consequently, the monetary and macroeconomic policies of the Union are constantly exposed to pressures from countries which favour a more Keynesian policy aimed at boosting growth and employment. This is in particular a result of a change of policy in Germany. With the arrival of a left-of-centre government in Berlin, the traditional deflationary German macroeconomic and monetary stance has been replaced by much more expansionary fiscal and budgetary policies and persistent pressure on the European Central Bank to relax its interest rates in order to boost economic growth. Without the German stability anchor, European monetary and macroeconomic policies become highly politicised.

In addition, there is a strong inclination towards a more mercantile European trade policy, especially as a way of protecting European levels of social security and environmental care from outside competition. In particular, organised resistance by special interest groups against the degradation of the welfare state forces governments and the European Commission to take protectionist action, for example, through the erection of trade barriers against imports based on social and environmental grounds, and the subsidising of weak economic sectors, thereby bending EU competition rules. This tendency is reinforced due to the fact that a number of member countries have been unable to put their houses in order, either economically or socially, and make the structural adjustments needed to maintain their external competitiveness. At the same time, the EU is facing ever-growing competition from Southeast Asia and other parts of the third world, which it considers to be unfair. The only way to preserve reasonable labour conditions and social-economic stability -the core of both the Rhineland model and the Polder model - and to protect the environment is to close the European market to imports from

countries with low wages, long working hours and a low level of environmental protection.

The enlargement of the EU proceeds slowly in batches through the successive inclusion of 'concentric circles' of candidate countries. But only those countries which do not represent an excessive financial burden on the support funds of the EU prove to be eligible for membership. The relationships with the other accession candidates and associated countries are characterised by a large degree of asymmetry.

In this scenario, the emphasis in competition between states and regions has shifted from the political and security domain to the fields of trade and capital. As a consequence, the security relationship between the US and Western Europe has changed fundamentally. It stimulates the inclination in American foreign policy towards being more selective in its security commitments. With Europe no longer a strategic asset to the US, the disintegration of NATO, which had already started after the collapse of the Soviet empire, continues. With the demise of NATO, the last impediment to economic conflicts with the US disappears. The European 'abuse' of the Euro as a competitive instrument, as well as the general assertive orientation of European trade policy, gives rise to growing transatlantic tensions. Sharp policy competition, trade wars, and malign neglect in the monetary and macroeconomic fields, poison the relationship between the former allies.

The economic frictions and disputes between the US and the EU are typical of the whole of international economic relationships. These are characterised by a further expansion of the Asian economies and the rise of an ever-growing number of competitors from other parts of the former third world. Consequently, both the EU and the US are exposed to increasing pressures in the field of high-tech as well as in the fields of medium and low-tech production. Their protectionist response to this competition underlines that worldwide economic relationships are increasingly dominated by neo-mercantile practices and 'divide-and-rule' behaviour.

Without the support and leadership of the most important economies, the multilateral institutions (WTO, IMF, etc.) will be unable to cope with these tendencies. They fail to prevent the fragmentation of the world economic system into a number of rivalling trade blocs, centred around, in particular, the US and the EU, with their respective (peripheral) economic spheres of influence. Through its trade and association policies, the EU has expanded its economic influence into the Mediterranean, North Africa and Central and Eastern Europe. The US, on the other hand, has been able to realise the proposal that was originally made by former President Bush to create a free-trade zone covering the entire Western hemisphere. But in response to this development, other countries and regions have intensified their efforts to strengthen and deepen their regional cooperation and to establish their own exclusive spheres of economic influence. The economic and technological competition between those blocs and countries causes mounting tensions and strains in the world economic

system. Trade wars are likely to become the functional equivalent of former territorial wars.

5. Globalised Europe

In this final scenario, widening the Union dominates the European agenda. The EU rapidly enlarges to a community of 25 to 30 member states. Although the member states have repeatedly affirmed that widening should be preceded by a substantial deepening of the Union, and in particular by institutional reforms that enable the EU to maintain its decision-making capacity, attempts at prior deepening and institutional reform fail. EMU, under pressure from France and Germany in particular, is to become part of a wider exchange rate arrangement of 'target zones', which, besides the Euro, also embraces the US dollar and the Japanese yen as the world's most important currencies. From the point of view of the internal integration process, it is important to note that the introduction of the EMU does not give rise to further harmonisation of national budgetary policies or fiscal convergence. On the contrary, as a result of the rapid enlargement and the introduction of new schemes for greater flexibility, the Union as a whole waters down into a somewhat upgraded free-trade zone with the internal market programme as the core of the integration process, and in which member countries may make limited progress to achieve closer cooperation, but only *a la carte* in selected policy areas.

EU member countries opt for an open attitude towards the outside world, especially with a view to the further integration of Europe into a globalising world economy. In the light of the prevailing stability on the European continent and the solid relationship with a democratising and modernising Russia, the impetus to make progress towards security policy integration remains weak. The EU does not go any further in that field and sticks to the existing mainly symbolic external policies within the framework of the second pillar. In accordance with its 'civil vocation' (*l'Europe civile*), the EU primarily pursues its security mission by means of its trade and aid policies (North Africa, Mediterranean) and its enlargement strategy (Central and Eastern Europe, Balkans).

The transatlantic bonds remain intact, as a kind of legacy from the past, although American involvement in Europe slowly fades in the light of a diminishing requirement for support and intervention. In addition to its partnership with the US, the EU develops new intensive relations with other countries and regions, in particular with the countries of Southeast Asia and Latin America. For the US, too, the special relationship with Europe is changing as a result of demographic and cultural changes and the development of stronger relationships with other parts of the world.

In this scenario, the so-called economisation of international relations reaches its apex. International relations are dominated by economic factors in response to strong

globalisation in the fields of trade, capital and money. This development started back in the 1980s, but has accelerated as a result of the ongoing liberalisation of economies, in particular the economies in Southeast Asia and the former third world. The process of globalisation has been boosted, moreover, by developments in the field of technology, in particular by improvements in communication and transport technology. The image of the world as a global village finally comes true. This globalisation leads to growing interdependence of national economies, to a better international division of labour, increased efficiency and a rising standard of living in those countries which take a positive stance vis-a-vis economic liberalisation.

The dramatic development of worldwide economic and financial networks, with the growing importance of non-governmental actors (NGOs, multinational corporations, financial institutions, transnational movements) in its wake, encroaches upon the power of the state, especially West European and Western states, and constricts its policy options further. Particularly in Western Europe, the relations of power and authority between the state and its citizens become subject to a process of 'feudalisation', in the sense that political responsibilities become blurred and overlap increasingly, leading to a weakening of the nation-state. Conversely, transborder regional and transnational cooperation thrive.

In this scenario, global relationships are characterised by cooperation and multilateralism, both in the political and economic field. Political relationships develop harmoniously. The 'zone of peace' continues to expand, as more and more nations democratise and integrate into the world market system. As a result of democratisation and the success of the market economy, the classical security dilemma, which is believed to be inherent in a system of sovereign states, loses its relevance. In so far as there are any conflicts left, these are solved in a peaceful, diplomatic way. The principal members of the UN provide this organisation with the means needed to deal with individual law-breakers. Regional organisations play a role which is supportive of, and subsidiary to, that of the UN.

Against the backdrop of the weakened power of the nation-state, the 'management of economic interdependence' takes place via international consultation in multilateral organisations, such as WTO and IMF, and through new transnational regimes based on public-private partnerships. In particular, the shift of power that has taken place from the old transatlantic world to countries of the former second and third worlds, and the increasing number of powerful non-governmental actors on the world scene, have made it necessary to adjust the post-World War II system of multilateralism to the new realities.

Conclusion

What is the likelihood of one of the five scenarios becoming reality? To which extent will the future of Europe be shaped by the internal dynamics of the integration process and to what extent by outside pressures and constraints? Any comprehensive analysis of European integration would suggest that this phenomenon can only be understood in terms of a dialectic evolution. This is characterised by the interaction between attempts to overcome nationalist inertia on the one hand and the challenges posed by major outsiders on the other. Opportunities created by shifting power configurations also play a part. The familiar neo-functionalist view - that successful integration in one field is likely to create needs and support for further integration, gradually spilling over into adjacent policy areas - cannot fully come to grips with the alternation of ups and downs in the degree of cooperation. The claim made by structuralist realists that the conditions of the international system have a critical impact on attempts at establishing and strengthening links of cooperation among sovereign and selfish states - is equally unable to account for this remarkable phenomenon. Basically, the reason for this is that processes of integration (like most other political processes) are not subject to deterministic forces. Internal dynamics and external influences may create favourable conditions or constitute obstacles; they do not 'cause' the responses of political actors (governments, bureaucracies, parliaments and interest groups) or, ultimately, the outcomes of interstate bargaining. Differences in the perceptions of the national interest as well as differences in beliefs and skills do matter.

Another important consideration is that Europe, being very much a part of the wider world system, is not only subject to changes in the global strategic and economic environment but also has some potential to affect the direction and pace of these changes. The central assumption underlying this exercise is that each of the five scenarios can be related to a specific set of external and internal conditions that circumscribe the options of European and national policymakers. The distinct features of the scenarios themselves should be largely conceived of as outcomes of policy and bargaining processes at the national and European level, in terms of both ability and inability to respond to external and internal developments.

Conclusions and Remarks

The above pages were dedicated to the different scenarios, developed by the 'Forward Studies Unit' of the European Commission *and* the Netherlands' Institute for International relations 'Clingendael'. As indicated, the two scenario-projects are quite different. The Clingendael-team devotes much attention to the *external scan*: consideration is given to the external world with which a future Union might be confronted: evolutions in the Atlantic solidarity with the United States, the relations towards the Russian Republic, possible long-term ties with China, etc. The European Commission on the other hand focuses much more on the *internal scan*: the EU is seen as a polity which can't survive without its bond with the citizen. As a result, societal values & trends, (internal) technological advances, demography, social relations, civil society, etc. have been granted considerable weight in the Commission's investigations.

To what extent can the outlined scenarios help us understand possible future evolutions? During the Colloquium on March 29th 2000 at the campus of the University of Antwerp (UIA), a whole spectrum of opinions and remarks were voiced on this issue. We here present a number of the recurring themes in the debate:

- Some people remained sceptical as to the effective 'usability' of scenarios for future policy evaluations. Indeed, one must acknowledge that the scenarios sketched above do remain theoretical models that probably will bear little resemblance to the actual issues that at one point in the future will be perceived as crucial political problems to which the Union should formulate an answer. In this context, they could be ridiculed as mere reflections of the analysts' boldest fantasies. However, from an analytical point of view, an inventarisation (though never complete) of the range of (political) possibilities can already be useful in order to try to ask the question whether *the current Union* would be up to the task. When we launch this question, then quite often we have to acknowledge that change will be an inevitable necessity for the Union if she is to survive politically.
- When we look into the recent past for inspiration, it becomes quite clear that the shape, but also the content of the European integration-project itself, has deeply transformed in every past decade. The 1970's showed European integration still in its infancy, with many intergovernmental aspects. Subsequently, the 'European crisis' of the beginning of the 1980's gave birth to a fundamental economic reform process that proliferated supranational tendencies. This process 'spilled over' during the beginning of the 1990's, when the Union gave itself many new tasks in 'fresh' policy domains. By the end of the 1990's, the prospect of an ever wider Union, strengthened calls to 'return to essence' of European integration: some governments now believe that the EU should limit its mission statement, and above all that its institutions should forge a close bond with the citizens. As a result, intergovernmentalism again seems to be on the rise ... although the jury is still out on this last element. Much of course will depend upon the way in which

the current *Intergovernmental Conference (IGC)* will shape the future EU-institutions, and their 'missions'. But, if one thing is clear above all, it is that the Union's shape and content will continue to navigate the dominant waves of the specific juncture in time.

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