

# May, Merkel, Macron

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The last few days have been filled with important events for the future of Europe, with positive and negative news at the same time, and an outcome that will depend a lot on the negotiations in the coming months.

Firstly, last Friday Theresa May gave a long-awaited speech in Florence in which she fulfilled the expectations that she would moderate the tone that had been used so far by the UK government over Brexit. May made official the objective of seeking a two-year transitional agreement with the European Union to smooth the exit period and offered the payment of budget contributions during that period (which facilitates the agreement on the “Brexit bill”). She was much more positive than at other times regarding cooperation on security matters, while denying the creation of a “Singapore” at the gates of Europe. The speech, although less specific on the more controversial issues, can help unlock the first phase of negotiations and move on to the second, on the future relationship between the UK and the EU.

The second important event concerns the results of the German elections. They followed the expected script, giving victory to Merkel’s party and registering a greater fragmentation of the vote. The surprise was a larger-than-expected drop by the two main parties (CDU-CSU and SPD) and, especially, a larger-than-expected rise by the Eurosceptic parties FDP (liberal) and AfD (far right). The pressure exerted by AfD during the next legislature could moderate the future government’s rhetoric towards migratory and European issues; but it is the likely entry of the liberals into the government that has created the most concern, since its well-known anti-EU line (in particular opposed to any type of fiscal instrument at European level) is the one that could stymie any attempts at a major pact between France and Germany in order to further strengthen the integration of the Union, which is the great topic on the EU agenda for the coming months.

And this brings us to the third event of the week, the address on the future of Europe by Emmanuel Macron at the Sorbonne, in which he presented an optimistic vision that was a breath of fresh air for a decidedly depressed EU. Macron offered a model of a Europe at multiple speeds, with detailed ideas on the less controversial issues—defence with a common budget and intervention force, unified management of immigration and borders—with nods to both the German Greens, with the unified green tax, and the liberals, with a rather offhand treatment of the issues of fiscal union, mentioning only the common Finance Minister and the European budget, but barely touching upon the elements that could lead to a common fiscal policy or any kind of debt mutualisation. In political (and symbolic) terms he also presented attractive proposals such as the introduction of pan-European lists in parliament, the extension of the much-loved Erasmus programme to other fields, and the creation of a network of EU universities.

All these issues will be presented to us with much more clarity in the coming months, probably early next year, since the formation of the German government will take time and a minority government or even new elections cannot be ruled out. Brexit continues to generate a lot of headlines, but it appears to be of increasing concern in the UK, where clarity regarding the strategy to be followed is slowly coming to its government, and rather less so in the rest of the Old Continent, which thanks to a strong recovery and the leaping of electoral barriers is beginning to look towards the future.

There is some doubt, however, about whether reforms in Europe will focus only on issues where there may be more consensus—defence, security, parliament and, to some extent, education—while leaving aside progress on strengthening the Eurozone, where the completion of the banking union is pending, as is any decisive movement on elements of the fiscal union. The Franco-German tension regarding risk reduction or mutualisation has not yet been resolved.

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