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Macron's Manifest to a new EU between Populism and Utopia

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Abstract: The paper realises a critical approach on the latest President Macron's political manifest. The literature review in the paper and the economic analysis led to different conclusions than Macron proposed. The economic approach in the paper is based on comparative analysis and regression. The analysis takes into consideration the four goals proposed by Macron: improving economic competition; protecting the EU values and borders; improving social protection; and fighting against pollution and climate changes. This analysis is supported by the latest official statistical data, by pertinent tables and diagrams. The main conclusion of the analysis is that Macron's reform document is just a political one. The economic reality points out that divergence is greater than convergence across the EU27.

Keywords: regional disparities; economic performance; European competition; environment protection.

JEL Classification: R11; R12; R13.

1. Introduction

EU is in face of new important challenges. The Brexit becomes reality. This crisis was well quantified under economic models (Blanchard, 2018). The refugees' crisis is far away of being solved and its impact is more than was forecasted. There are a lot of divergent approaches about it (Rankin, 2018).

The future of the EU is not the same from all Member States' point of view. As a result, the present becomes essential in finding solutions to the future. Some European representatives put into discussion new developments in the EU: the multispeed EU; the different integration levels inside EU. Moreover, France and Germany signed a special treaty in order to increase their economic power in the EU. This treaty represents a new support for German economy development (Kooths, 2018) and for French economy recovery (Baudchon, 2017).

On the other hand, the Visegrad Group's countries have opposite positions to many of the European Commission's decisions and try to find better solutions and positions in the regional organisation (Chang, 2018). This organisation can become attractive to the future Member States (Serbia and

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Montenegro), as well. Till then, a road map was defined for both countries in order to support their adhering to the EU in 2025 (Stone, 2018).

The extremist and nationalist forces from many Member States represent other important challenge for the EU. France was the first victim of their activities.

In this turbulent context, President Macron launched a political manifest to a new EU after Brexit. He mentioned that: “I want an ambitious project that lets the people really take back control” (Macron, 2019).

The present paper puts into discussion the viability of the French President’s solutions using a quantitative and qualitative analysis. This analysis is mainly focused on the economic performances across the EU27 and Euro area. In this context, is probably for the first time when such an analysis is connected to Macron’s discourse.

2. Related Work

The EU faces to a great crisis. It is not only an economic one. It is deeply political and social crisis. A radiography of this crisis is realized by pointing out the new power balance across Europe. A controversy was generated by a book in which the author considers that there is no other way to obtain present and future welfare for the European citizens than the European construction under EU. The author propose a two-speed Europe where the minority has to follow the majority decisions under the democratic mechanisms. The author of this book points out that he supports a two-speed Europe, not a two-tier Europe in which each Member State can make the update when will be ready to do that (Piris, 2012).

On the other hand, the need to reform the EU becomes essential. For the beginning, is time to recognize that EU has a lot of problems (not only Grexit or Brexit). These problems put EU in a difficult position to other parts of the world, because this organization developed profound structural handicaps. In order to eliminate them, EU has to find solutions at national and supranational levels, as well. This asks for greater political consensus. The optimistic approach is that EU is able to unify national governments into a more powerful force, in order to face the present and future regional and global challenges (Merritt, 2016).

An interested book is focused on the above challenges by analyzing the European regional project from the most important capitals’ point of view. In this context, Berlin became the epicenter of the power in a more and more divided Europe, while Paris still is looking for its lost glory. London is interested in solving Brexit and in finding solutions for the future cooperation with the EU27. Brussel lost its decision power and was transformed into a tower of Babel. The Southern EU is characterized by economies which have to face to “eternal” challenges: the national unity in Spain, the economic decline in Italy and the life on the edge in Greece. The Baltic economies have to face to the Russian influences, while Visegrad group is oscillated between East and West. Furthermore, Moscow, Ankara and Tunis are not the dream neighbors to the EU (Drozdiak, 2017).

As a sequel of the pervious book, Varoufakis Y. realized a complete analysis of the most spectacular conflict between national and supranational decision makers inside EU. The idea of the Greek authorities to re-negotiate the relationship with the EU attracted the EU’s political, financial and media retaliation. Finally, Greece was forced to accept without exception the supranational decisions. This is why, the book asked for an urgent renew of the European democracy before it is too late (Varoufakis, 2018).

The theme of the conflict inside the EU is described in relation to Catalonia, Spain and the separatist debate. The Catalan independence was put into discussion in 2012 and succeeded to become a top theme for the Spanish and European politicians nowadays. Even that the referendum was not recognized by Spanish and EU authorities, the Catalan culture, traditions and spirituality are everywhere not only in Spain. This conflict put into discussion the EU's political responses to financial and other crises (Minder, 2018).

The new EU's structure and operations are presented in a very recent book, which explains the key actors, policies, and developments in the European Union in light of the Brexit. The migration crisis and the economic crisis across the Euro area are analyzed, too (Kenealy, Peterson & Corbett, 2018).

3. Problem Statement

President Macron presented an EU reform draft on March 2019. The main goals of this reform are connected not only to the European socio-economic and political crisis, but with lower economic performances of the French economy. Moreover, this document is analyzed as a support in President's public image improving. The structure of the document points out political and socio-economic targets as in Figure 1.

At a first glance, the targets proposed in Figure 1 are too ambitious at least on short and medium terms. Second, President Macron doesn't support his approach with concrete data, excepting those related to pollution and environment protection.

In order to realize a realistic economic analysis of Macron's draft of reform, the present paper will focused on the EU performances related to economic performance, asylum challenge, social protection and environment.

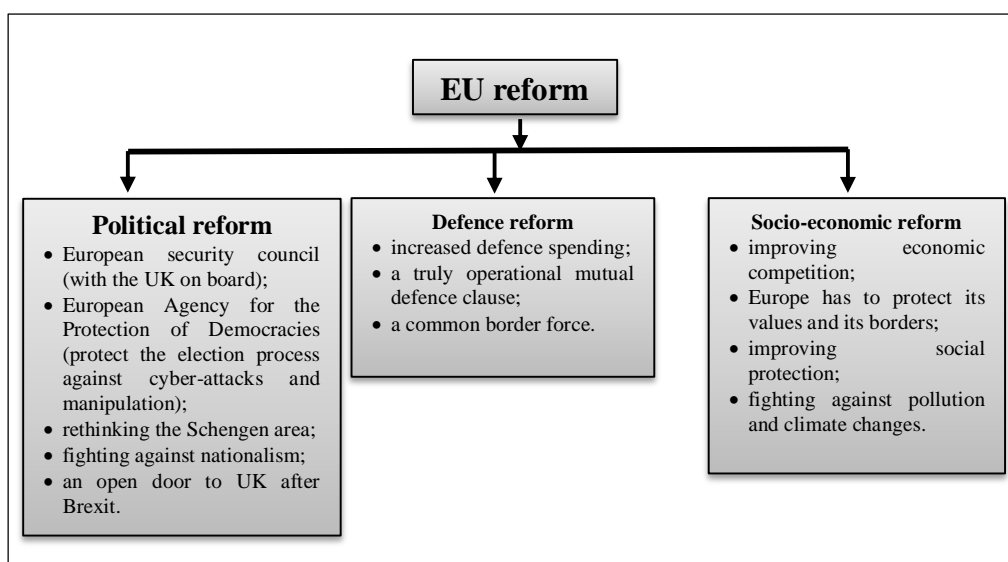


Figure 1. Macron's approach on reforming EU

4. Economic Performance vs Political Approach in the EU27

President Macron proposes “fair competition”. In order to understand the situation of the competition across the EU, the Annual Report on Competition Policy becomes very useful. The latest report was adopted by the European Council on April 2018 (European Parliament, 2018).

According to this report, the European Commission faced to cases of abuse of dominant position (Google), barriers that hinder online competition and antitrust investigations (Android, AdSense, trucks constructors). Other sectors targeted by the European Commission have been: pharma, financial-banking sector, state aids to airlines and agriculture.

In the case of company mergers (cartels), the European Commission has imposed considerable fines (see Figure 2), (European Commission, 2019).

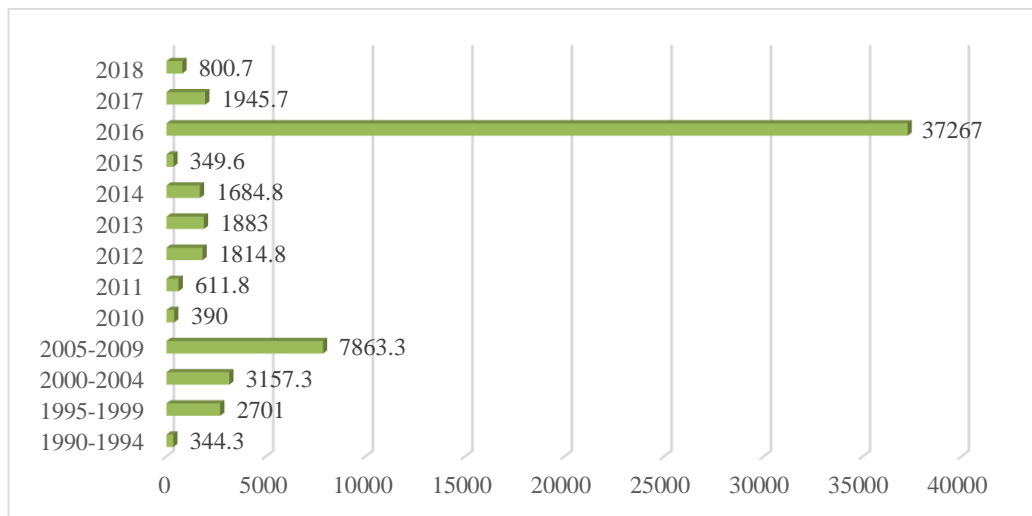


Figure 2. Fines on company mergers (million euros)

The top ten fines related to EU competition policy are presented in Table 1.

Table 1. Top ten fines related to EU competition policy

Year	Company	Object of taxation	Amount (mill. euros)
2016	Daimler	Trucks	1008,8
2017	Scania	Trucks	880,5
2016	DAF	Trucks	752,7
2008	Saint Gobain	Car windscreen	715,0
2012	Philips	TV and PC monitors	705,3
2012	LG Electronics	TV and PC monitors	687,5
2016	Volvo/Renault Trucks	Trucks	670,4
2016	Iveco	Trucks	494,6
2013	Deutsche Bank	Euro interest rate	465,9
2001	F. Hoffmann-La Roche AG	Vitamins	462,0
2007	Siemens AG	Insulation switching gas	396,6
2008	Pilkington	Car windscreen	370,0
2010	Ideal Standard	Bathroom accessories	326,1
2007	ThyssenKrupp	Elevators and escalators	319,8
2008	Sasol Ltd	Candle wax	318,2
2010	Air France/KLM	Air Transport	310,1
2013	Sumitomo, Yazaki, Furukawa, S-Y Systems Technologies (SYS), Leon	Car parts	141,8

According to Table 1, three French companies (Saint Gobain, Renault Trucks and Air France) were object of fines imposing from the European Commission. As a result, President Macron would support French competition authorities in realising a fair competition in France for the beginning.

The goal of protecting EU’s values and its borders is direct connected to the refugees. These refugees are looking for asylum. The asylum applicants achieved the peak of 1322825 persons in 2015, but their number decreased during 2016 - 2018 (European Parliament, 2018b), (see Figure 3).

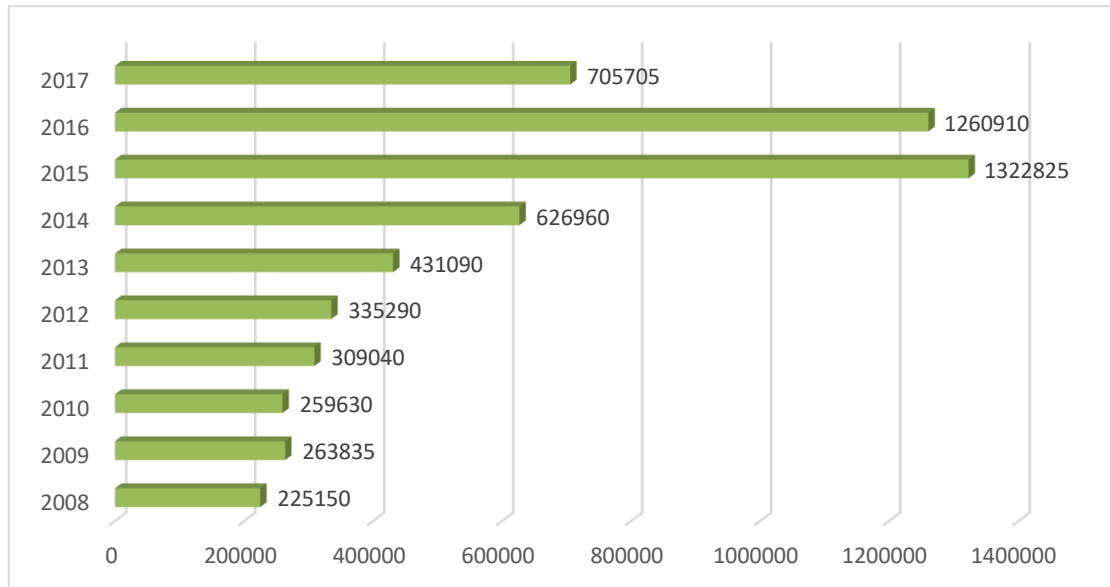


Figure 3. Persons who applied for asylum

The decrease in asylum persons is not followed by a decrease in the financial allocation for these persons. As a result, 2.3 billion euros will be spent under the 3rd budgetary priority “Migration and external border management” in 2019.

Moreover, the 2019 Budget’s objective “Security and citizenship” benefits by a greater financial allocation that in the previous years (see Figure 4).

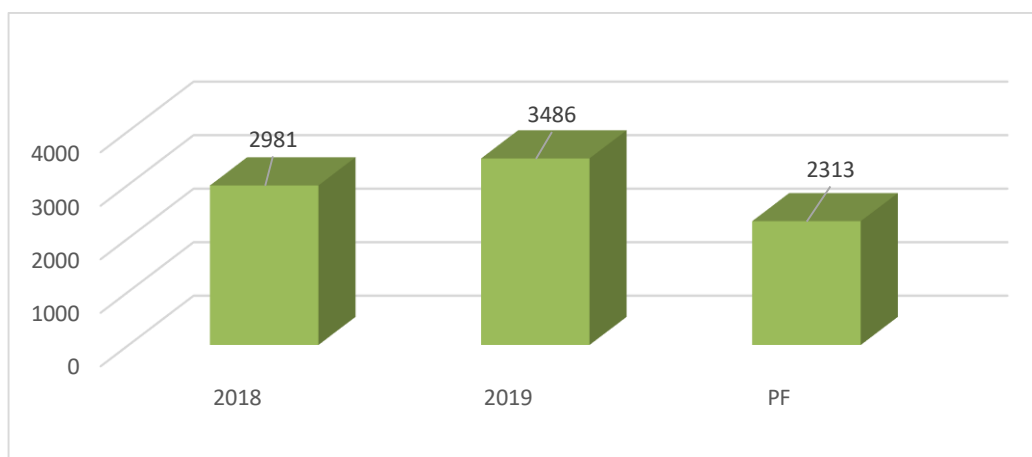


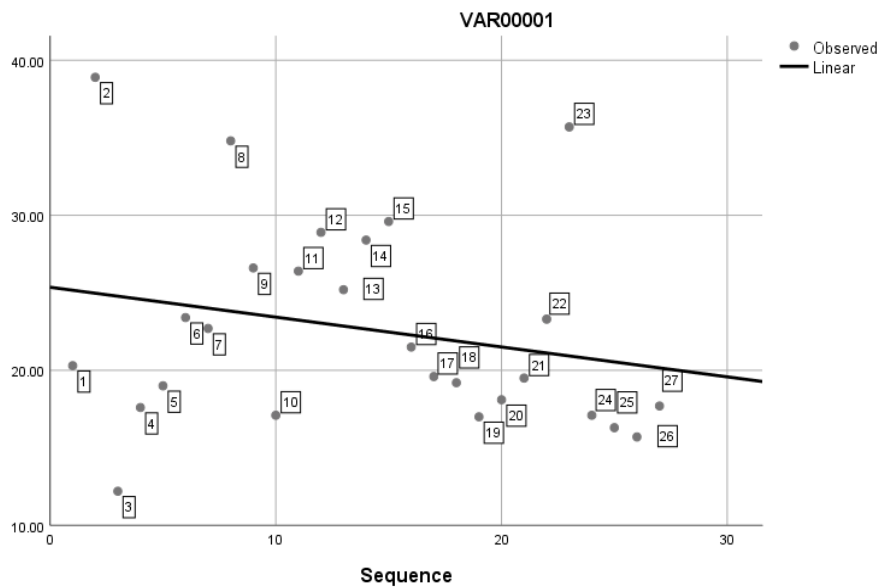
Figure 4. Allocation for Security and citizenship (mill. Euros)

This major budgetary change in 2019 is the result of the latest challenges connected to terrorism and refugees crisis. As a result, the payment increased compared to the financial perspective and previous

budget for 2018. Moreover, the 2018 budget increased the Allocation for Security and citizenship compared to 2017 (European Commission, 2018).

President Macron show special attention to the improving of the social protection across the EU. Till then, France faced to higher unemployment rate that EU average in 2018 (9.0% compared to 7.4% in EU27). On the other hand, all Member States (excepting Czech Republic) will achieve lower unemployment rates in 2020 compared to 2018 (European Commission, 2018b).

In 2018, 22.4 % of the EU entire population lived households at risk of poverty or social exclusion (Eurostat, 2019). The regression analysis points out the great disparities between the Member States regarding this indicator (see Figure 5). The analysis was realized ANOVA conditions, where the individual values represent variables and time is the independent variable.



1. Belgium; 2. Bulgaria; 3. Czechia; 4. Denmark; 5. Germany; 6. Estonia; 7. Ireland; 8. Greece; 9. Spain; 10. France; 11. Croatia; 12. Italy; 13. Cyprus; 14. Latvia; 15. Lithuania; 16. Luxembourg; 17. Hungary; 18. Malta; 19. Netherlands; 20. Austria; 21. Poland; 22. Portugal; 23. Romania; 24. Slovenia; 25. Slovakia; 26. Finland; 27. Sweden.

Figure 5. Allocation for Security and citizenship (mill. Euros)

Pollution represents other goal in Macron's draft of reform. The air pollution depends on: greenhouse gas emissions, NO_x emissions and SO₂ emissions. The main EU polluters are presented in Figure 6 (European Environment Agency, 2017).

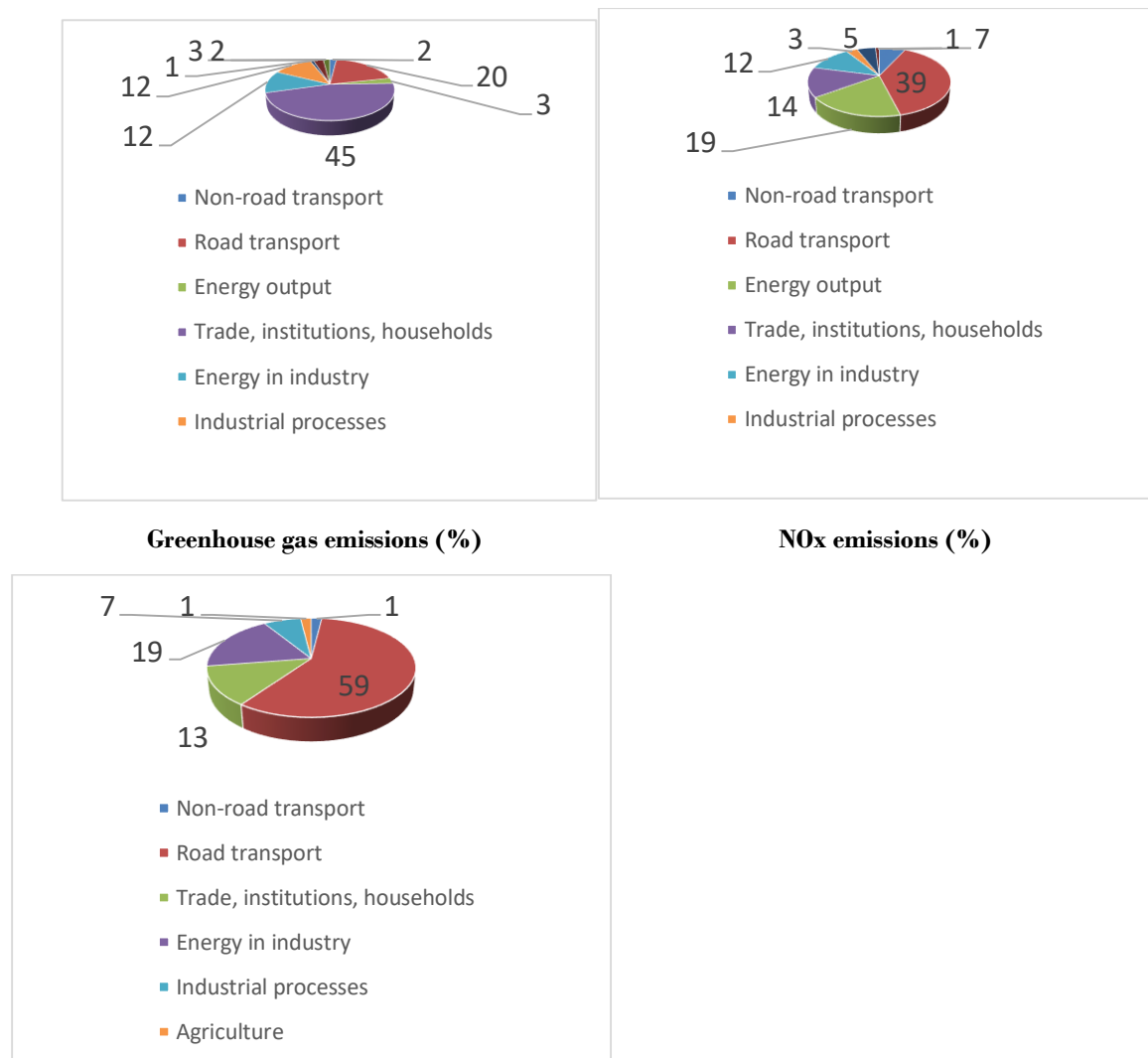


Figure 6. Air pollution by polluters

SO₂ emissions

Only 11 Member States proposed goals related to soil pollution. Netherlands and Denmark had goals only during 2015-2016. On the other hand, the proposed goals are too general and difficult to quantify. Austria is the unique Member State which proposed goals related to soil pollution on short, medium and long period (van Liedekerke, M., Prokop, G., Rabl-Berger, S., Kibblewhite, M. & Louwagie, G., 2014).

Table 2. Top ten fines related to EU competition policy

	Year	Political or technical target
Austria	2025	Identification of Contaminated Sites completed
	2030-2040	Essential part of the Contaminated Sites problem should be managed
	2050	Remediation and re-integration of identified Contaminated Sites into economic and natural cycle
Belgium	2036	Remediation started on sites with potentially contaminating activities and/ or that are considered to be contaminated
Croatia	2025	Remediation of «hot spots», locations in the environment which are highly burdened with waste
Czech Rep.	2040	Political/technical level [government decree]: Environmental remediation of uranium and coal facilities DIAMO
Denmark	2016	Site identifications and preliminary investigations are completed nationwide
Estonia	2030	All contaminated areas to be remediated or sustained

Hungary	2050	Handling of all historic Contaminated Sites. The Gov. Decision No. 2205/1996. (VIII.24.) adopted the National Environmental Remediation Programme (OKKP), which has three stages: short, medium and long.
Netherlands	2015	Bringing risk at sites to an acceptable level for the current land use Handling of sites at risk with current land use
Romania	2020	Environmental remediation of the majority polluted areas
Slovakia	2015	Remediation of the Contaminated Sites with the highest risk to human health and environment (to reach «good status of water» with respect to the Water Framework Directive
Sweden	2050	Environmental objective: a non-toxic environment Remediation of priority sites by 2010 Other Contaminated Sites contained or remediated by 2050 at the latest

EU developed economies as Denmark, Germany, Ireland, Greece, France, Luxembourg, Netherlands, Finland, Sweden, UK and Hungary don't send official information on generation and discharge of wastewater. As a result, the greatest generation and discharge of wastewater in volume are in Spain, Austria, Poland and Romania (Eurostat, 2016).

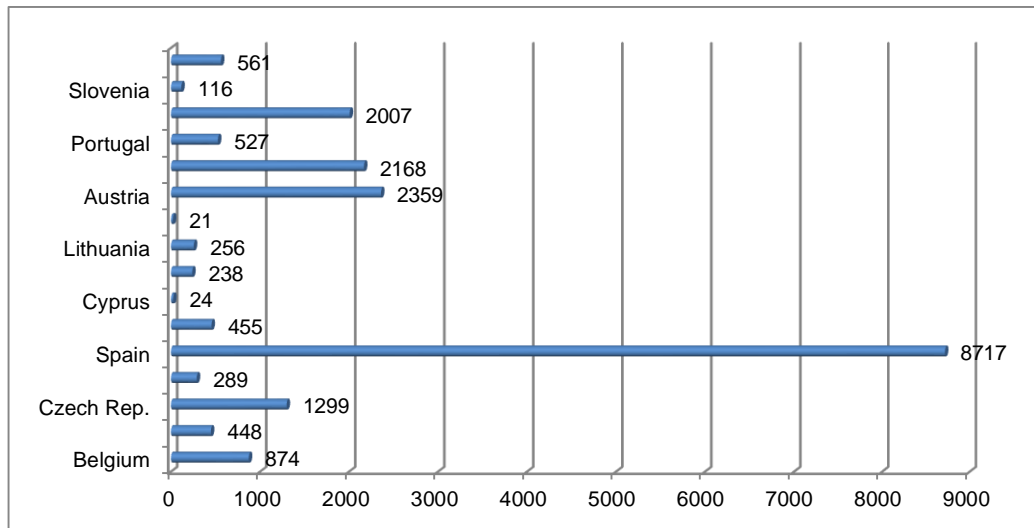


Figure 7. Generation and discharge of wastewater in volume in some Member States (million m³)

At least 125 million persons affected by noise higher than 55 dB Lden in their connection to the rail and aircraft traffic and industries, especially in the greatest cities. The Northern Member States have better environment conditions than the Southern Member States.

Only 15 Member States built treatment capacities and applied dedicated procedures able to cover the whole municipal generated waste (see Figure 8).

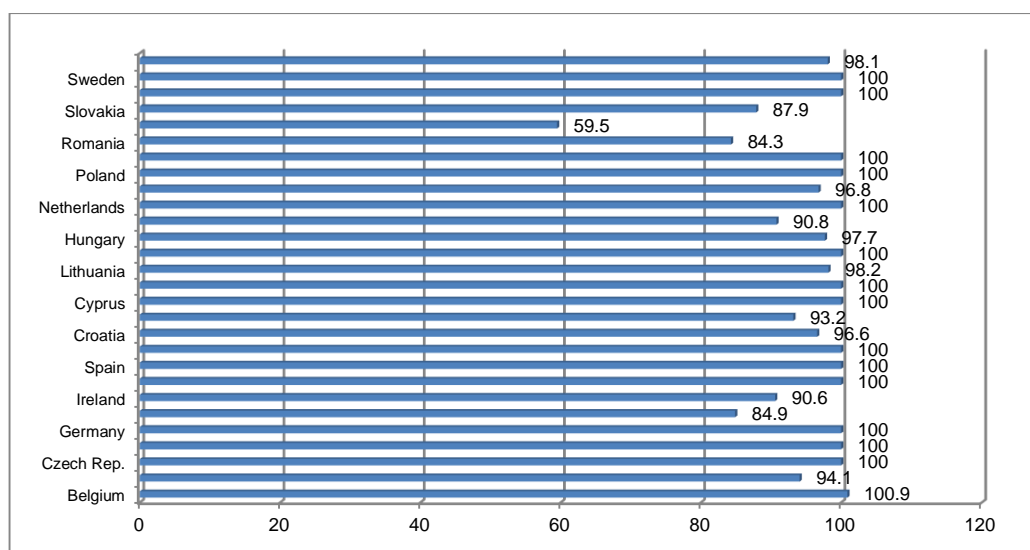


Figure 8. Waste treated capacity (% of total waste)

4. Conclusion

The whole above analysis was made in order to demonstrate that EU faces to huge challenges nowadays. Moreover, these challenges are supported by regional disparities across the EU. Brexit will not lead to a decrease of these disparities.

President Macron knows well that EU27 asks for a great reform, but his solutions are not viable at least on short and medium terms.

On the other hand, the divergent opinions inside EU27 leads to better regional and national solutions than supranational solutions. This is why, the same President Macron signed the cooperation treaty with Germany. This treaty was defined as an instrument able to improve economic, social, political and military cooperation between both countries. But the same objectives are defined by the cooperation inside EU27!!!

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