Incommunications at the Heart of the European Recovery Plan

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Abstract

The recovery plan, which aims to breathe new life into the European economy in the post-COVID era, has been built through dialogic communication / incommunication, which has been one of the cements of the European Union since its creation. The opposition and then the negotiation between the frugal states, supporters of budgetary orthodoxy and an intergovernmental debt, and the prodigal souths, in favor of pooling the debt at the Union level, gave rise to sufficiently ambiguous points of agreement to allow an ideal consensus vis-à-vis the pooling of the debt and its financing.

Keywords: Europe, incommunication, communication, recovery, bonds

At the Brussels Summit on July 21, 2020, the leaders of the 27 countries of the European Union agreed on a historic plan intended to revive the European economy following the first Covid 19 crisis. In its statement of strategic intent, the recovery plan aims to "make Europe greener, more digital and more resilient" (European Commission, 2021).

The summit that led to the agreement on this recovery plan lasted no less than 90 long hours. They were nevertheless preceded by days of preliminary discussions, which enabled the need to discuss this recovery plan in the European agenda. Discussed in March 2020, the principle was recorded at the European Council on April 23, after procrastination by certain European countries, and under sufficiently broad and non-operational conditions for it to be adopted unanimously. From the discussions prior to this meeting, differences emerged between the States on the concrete mechanisms for implementing this plan, particularly around the debt contracted in euros on the financial markets. Where France, Italy, and Spain, in the lead, defended a pooling of debt to finance the plan, the Netherlands, Austria, Denmark, Sweden, and Germany wanted financing by recourse to the collective loan by the Member States, but with an individual commitment by the States to the extent of the financing obtained.

In other words, three months before the Brussels summit, two groups of States emerged which were presented almost as antagonists by the press: the "frugal" states, attached primarily to budgetary orthodoxy that mutualized loan financing could call into question, and the prodigal souths, including France, who defend the principle of pooling borrowing and were described by the frugal states as spendthrift and highly indebted. A semantic battle was thus played out between supporters of "Corona Bonds" and those of "Euro Bonds," where each defended the same idea of pooling debt at the European level without, however, agreeing on the nature of the debtor (the EU for the first, the states in an intergovernmental logic for the latter). A third group appeared made up of Poland and Hungary, whose hardening of the regimes and the questioning of the rights of certain minorities have been strongly criticized by the other European States which have brandished, for several years, the threat of sanctions against them, which crystallized on the question of the recovery plan.

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The tipping point in the negotiations before the Brussels summit lies in the reversal of Germany which, for reasons of economic strategy (helping the

European countries which are its main customers), but also ideological (in favor of European solidarity and the Franco-German couple as a driving force), leaves the paradigm of the frugal to join the position of France. As often, the Franco-German couple mediates the communication/incommunication dialogic (Wolton, 2017).

On May 18, Angela Merkel and Emmanuel Macron go beyond the generalist agreement in principle to a recovery plan and propose, during a joint videoconference, a plan of 500 billion euros (which later became 750 billion euros) financed by loans contracted on the financial markets by the European Commission on behalf of the States, and which are intended to be redistributed in the form of loans or grants. On this much more operational basis, new differences appeared between the Member States. But on the same principle as the first phase, which led to discussions on the recovery plan, these differences have been overcome by sufficiently general conditions for each State to be able to understand it in the terms it wishes while facilitating the process of European integration and cooperation.

Thus, at the end of five days of negotiations at the Brussels Summit, the governments of the Member States of the European Union agreed on the principle of the recovery plan and its financing via mutualized debt at the European level, which were to, in accordance with European institutional rules, be accepted unanimously. However, to satisfy States with divergent interests, two main conditions have been imposed on the implementation of this plan. Here again, after negotiations and the search for a consensus, they have been sufficiently ambiguous to be accepted by all, without anyone understanding them in quite the same way, that is to say, stated without guaranteeing that they are "without misunderstanding" (Oustinoff, 2019).

Firstly, and despite initial resistance from Poland and Hungary, the disbursement of funds from the recovery plan is conditional on compliance with the rule of law, the system of which can be activated by the Council of the European Union and only by a qualified majority. This conditionality was definitively adopted in December 2020. Although Poland and Hungary are directly concerned by these provisions, given the various procedures that had been carried out in the past, they nevertheless obtained that this mechanism can only be effective after verification of its legality by the Court of Justice of the European Union (CJEU) and that the European Commission be required to inform the State concerned in advance of any sanctions. In addition, it was agreed that the State concerned could ask the President of the European

Council to open a debate at the next summit. Finally, the final beneficiaries of the funds (associations, local authorities, etc.) who consider themselves foreign to the non-respect of the rule of law can ultimately benefit directly, without going through the sanctioned State.

These “safeguards” seemed sufficient to Poland and Hungary, which at the same time needed European funds from the recovery plan given the economic context and, at the same time, sufficiently restrictive in the eyes of the other States to make this conditionality effective. Especially since if the regulation understands the rule of law as “the existence of a transparent, responsible, democratic and pluralistic legislative process,” including the principles of “fundamental rights, separation of powers, non-discrimination and of equality before the law,” the differences of interpretation exist on the minimalist version (on a strictly budgetary level, such as corruption linked to European funds) and maximalist, that is to say, more political, of the non-respect for the rule of law. It is this ambivalence that has enabled all European states to come together to validate the mechanism. This, incidentally, finally allowed the European institutions to take a real additional step in their ability to compel the Member States to respect the rule of law since the CJEU validated on February 16, 2022, the first sanctions of the Commission against Poland and Hungary, which have seen the payment of European funds suspended.

The second condition for validating the recovery plan concerned the sources of its financing. It is intended to reassure the frugal who feared having to bear the burden of the debt of states in southern Europe that they do not consider, in particular in the light of the financial crisis of the early 2010s, to be fiscally virtuous.

Here too, one of the ways of overcoming the differences between the States consisted in introducing a new system which, incidentally, de facto reinforces the principle of European integration, but whose contours are sufficiently broad and therefore imprecise to satisfy governments with different visions and interests. Firstly, the July 2020 agreement sets a relatively distant horizon for the repayment of this loan, to the year 2058. Above all, and this is a very important development for the functioning of the European institutions, the European Commission refers to the possibility of levying own taxes and duties, which would not be borne directly or indirectly by European citizens. They would primarily target non-European players by penalizing non-virtuous companies from the point of view of their social responsibility (tax on non-recyclable plastics) and with a European solidarity mechanism financed by a tax on financial transactions and on large digital corporations (in the first place the GAFAM), even a carbon tax at the borders.

"Long live incommunication"(Wolton 2020): towards a form of European federalism

In theory, this is considerable progress towards a form of European federalism. However, in fact, at the time of the agreement, neither the mechanisms for implementing these taxes, nor their base, nor the amounts are concretely defined, but postponed to a later date. This is how a consensus can emerge, on an ideal, almost philosophical level, vis-à-vis the pooling of the debt, and, consequently its financing, without the latter being concretely resolved. This is what allows, paradoxically, one of the major advances in the construction of Europe through the first recovery plan of this type in the history of the European Union.

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