

“The EU and its single market are nowadays well-accepted and well-understood foundations for Romania”

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How do you see **the 10-point programme**, proposed by you in January 2024, for a deeper, more competitive, and more united EU single market, **unfolding in the light of the EU elections in the spring of 2024?**

My single market proposal might be controversial – in some respects - for specific interest groups or a few entrenched, narrow vested interests, but probably it is not politically contested overall. **The economic and socio-political support for the single market is widespread and profound** (an annex to the report surveys 10 important reports and the like, including neutral analytical ones, as well as reports from [all kinds of] businesses, the EU labour movement and consumers), **although there are, of course, some differences and sensitivities**. The single market also remains the prominent driver of growth for new EU member states and for candidate countries. Moreover, the failure of BREXIT has underscored the benefits of the single market, even when de facto BREXIT never went very far in ‘breaking the manifold links’ with the EU27 up until today: in the end BREXIT remained very ‘soft’ indeed.

Therefore, my single market 10-point plan would not seem to be problematic in the light of the EP elections, even with the considerable swing ‘to the right’ which some observers expect. This does not mean that it will be plain sailing, but not for ideological or ‘right wing’ reasons: the plan is full of proposals, which are hard to swallow for some, or require active leadership by the European Council, the Commission and the EP, following Enrico Letta’s report of March 2024. It is not so difficult to comprehend that those who have entrenched narrow vested interests, which held out so long – whether in copyright, air traffic controls, or some specific services sectors – will not easily give in or comply for the sake of the EU’s public economic interest. For this reason, the plan comprises ‘governance’ recommendations, which are paramount. In addition, the recommendations on ‘enforcement’ at EU level, as well as at home, do matter, as there is also room for improvement there.

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During your visit at the European Institute of Romania, last year, you said that competitiveness should be understood as the EU’s capacity to increase the prosperity of its citizens over the medium to long term. Which are **the developments we should expect at EU level, in the next few years, in relation to the competitiveness and the production of European public goods?**

There are two main issues here. One is the very recent debate about the EU’s ‘competitiveness’, which is full of mishaps and mistaken calculations, leading to assertions about a ‘major’ loss of ‘competitiveness’ (often in comparison with the US). These assertions are largely wrong. **The best measure is purchasing power parity (PPP)-based productivity per hour worked**: here seven EU countries do well or better than others, while some remain more or less on par with others, and some EU countries lag behind (with some of them catching up). A lingering problem is the productivity development in the south of the EU. In per capita income terms, the EU has long been ‘behind’, but this is mainly a result of Europe’s socio-economic choices: Europeans work fewer hours per week than employees in the US, and enjoy longer holidays. However, there is little doubt that this choice has a positive impact on the well-being of Europeans. To put it differently, a pure measurement in earned euros falls short of appreciating how Europeans (want to) live. It should also be noted that the income distribution, compared to the overall income data, is much more unequal in the US than in the EU. A clear weakness, however, is the EU’s very modest presence in “tech” which has a direct impact on corporate earnings compared to the US.

The other issue is whether and how the upgraded and less fragmented single market, as well as the invigorated dynamics of the European start-ups and mid-caps, will boost the EU’s competitiveness, the subject of Mario Draghi’s late May report. In other words, will it boost the EU’s capacity to support constantly higher incomes over the medium term? For the European businesses, it is crystal-clear that a necessary (though possibly insufficient) condition to boost the EU’s competitiveness is a deeper, undivided, and well-governed single market. So far, my proposals have been well received in the circles of European businesses. Government reactions are still scarce [although **there is a group of 17 member states strongly in favour of the broad thrust of deepening and making more robust the single market**] but this has to do with an understandable reticence stemming from ‘waiting for Letta’ and / or ‘waiting for Draghi’, as well as for the EP elections.

The single market proposals are now being discussed in the many conferences and meetings in the Brussels circuit in the run-up to the elections. Besides the single market *stricto sensu*, a lot of concern is expressed about greater dynamism (my report has a chapter about start-ups and increased innovation support).

But there is also an insistence on the necessity to augment national R&D as well as business R&D spending, which – in the EU – is still lower than in the US or Japan, despite recent increments. However, when it comes to greater and sustained innovation, the inequalities in the EU are huge. Regular cohesion reports show that in countries like Romania the rate of patenting is extremely low compared to (say) the EU-15. Now that the Unitary Patent is in force, this represents a unique chance for innovators in such EU countries to engage more actively in EU-wide patenting (at low cost!). On the other hand, what is harder to increase significantly in cohesion countries is the R&D activity, unless foreign direct investment can stimulate such local activity and if the cohesion policy is more explicitly geared towards bolstering local patenting.

This year we will be celebrating 25 years of activity at the European Institute of Romania. You had a key role in building our research capacity in the early 2000s, and in this respect, we would like to ask you how do you see the role of the EIR in the years to come?

The only important difference between the early 2000s and today is maturity. The EU and its single market are nowadays well-accepted and well-understood foundations for Romania. The huge and intense training programmes of the late 1990s are no longer necessary, although it might still be useful for the EIR to offer respectable EU training, say jointly with the academic world. After all, universities do not typically take an interest in such in-depth training, while the EIR has the experience in delivering it. The Romanian Journal of European Affairs is – for me – a success story, especially if understood against the constraints of a not so big EU country.

As regards the solid EU-related research, the ideal is to continue conducting it, alone or (usually better) together with others. However, it is expensive and the variety of research topics in three or four disciplines is great, which is another way of saying that it is a major challenge. Good working relationships with universities in Romania and beyond, as well as systematic networking are of the essence.

By securing sufficient funding, possibly with the active help of foreign EU businesses in Romania, the 25th anniversary of the EIR [or, of RJE, one year later] might be a good occasion for organising a big international conference with the participation of international scholars, requested to pledge their publication in the RJE. This would subsequently underpin in earnest the reputation and future of the EIR in the longer-run.

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