

RECOMMENDATIONS FOR EUROPE

- Low levels of trust are both a cause and a consequence of institutional weakness and opportunistic behaviour. Trust is fostered by reliable information and shared expectations of long-lasting repeated interactions. Such tools have been deployed by European nation-states in the past and should continue to be implemented in the European Union.
- Results that fall short of excessively optimistic promises undermine trust. Trust can and should be rationally supported by a realistic narrative that convincingly highlights the advantages of a future together and the perils of alternative arrangements.
- To reinforce trust, international policy integration should define rights and responsibilities clearly, which can be easier when it is focused on specific areas such as defence. It should also ensure cooperative behaviour, which is easier in a comprehensive policy framework with limited opt-outs. Commitment and cooperation can be self-enforcing when members are in a position to trade-off advantages and disadvantages. Short-sighted opportunistic behaviour would be difficult to control in fragmented and unstable 'Europe à la carte' institutional structure.
- While the heterogeneity of policy preferences is stronger in a larger group of countries, it can be dealt with more effectively when a broader set of policies is negotiated. A clear case can be made for deeper integration in public good policy areas like customs administration, border controls, common immigration visa, and defence. Extending supranational competences to the harmonisation of social policy could, however, weaken trust in an integration process that cannot realistically deliver results in such areas.
- Economic integration does not automatically imply income and policy convergence, but its politico-economic sustainability is threatened by a lack of convergence. To prevent resentment against integration, it should be recognized that, in the current institutional setting, the EU's policy toolbox cannot foster cohesion: convergence depends mostly on the policies of the member states.
- Economic integration offers valuable opportunities for development, but requires policy adjustments that can be difficult for countries to implement. Policy coordination at the European level can pave the way for necessary reform by providing information and encouraging dialogue. It should focus on areas where the effects of national policies spill over country boundaries, and involve national institutions to improve the quality of information and ensure that recommendations get a favourable public reception.