A new strategy for the single market

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13 A market in search of a strategy

The presented fragment is the first chapter in a study by Monti titled „A new strategy for the single market“, prepared for the President of the European Commission, José Manuel Barroso in May 2010. After a historical analysis, the report’s author focuses on the assessment of the reasons underlying the critical attitudes of Europeans towards the single market. Since the single market reform requires social support and institutional consensus, Monti exemplifies various types of fears we should address to be able to counter them effectively. This shall provide a starting point for development of a new strategy.
The long road towards the European single market

It is believed that completing the single market would boost welfare, stimulate growth and increase European competitiveness. Therefore, paper’s authors claim that it is extremely important to identify and quantify the channels through which market integration is expected to engender growth. Although the single market integration shall generate positive and significant aggregate effects, the impact so far has fallen short of initial expectations. This is because barriers continue to prevail in the EU, preventing the exploitation of the potential benefits of full market integration. Moreover, complementary policies to support the single market were not, or were insufficiently, put in place and the single market project has not sufficiently been framed as a key part of the process of creative destruction that Europe needs to embrace to successfully modernise its economy.

Towards a “genuine single market”

The paper aims to overcome the cleavage between the attractive potential of a “genuine single market” and the overwhelming tendency to search for what is politically “feasible”. The analysis focuses first of all on what steps shall be taken to attain the “genuine single market”. The authors divide them into two groups. The first one corresponds to several actions at the EU level, while the other – to actions at the EU / MS interface and within Member States. However, proper legitimacy and social acceptance are necessary to secure stable operations of the single market.
The paper aims to present major changes in the internal market that have taken place under the impact of crises post-2008. The author argues that this period has seen weakening readiness of the societies to accept integration along liberal lines. The crisis enhanced the tendency to introduce minimum regulatory standards in particular markets, which is sometimes likely even to reverse prior liberal achievements and strengthen protectionism from national administrations. There has been also an increasing top-down influence of EU regulations on internal market’s competitiveness. Another characteristic feature of the transformations has been comprised by gradual closure of the EU to external rivals, and by introduction of politicised management of the scope of their access to investment and economic activities in the internal market. This gives a clear advantage to EU institutions and bigger MSs in relations with non-European partners.
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