

Single Market at 30, coordinated by Eugen Dijmărescu, Bucharest, 2023, Institute for World Economy, ISBN: 978-973-159-290-9

Book Review by **Iulian Onească**¹

Abstract: *The volume pays tribute to the 30-year functioning of the European single market. The authors critically analyse the single market considering the megatrends and changes within the global economy. Accordingly, the advancements in circular economy, digitalization, and artificial intelligence are investigated. Subsequently, the realignment of competitive relations is carefully considered, against the background of the spectacular growth of other economies. The entire research is the result of a complex endeavour, based on a wide variety of references and a series of in-depth analyses.*

Keywords: *single market, European integration, institutional development, European unification.*

“Single Market at 30” is a study coordinated by Eugen Dijmărescu, senior associate researcher at the Institute for World Economy - Bucharest, study published by the Romanian Academy, Institute for World Economy, in February 2023. The research praises the 30-year functioning of the single market.

The single market covers 450 million people and 5 million sq. km, connecting the EU member states, the countries that are parties to the Agreement on the European Economic Area (Iceland, Liechtenstein and Norway), and Switzerland. After 30 years, the single market is a global achievement, as the volume of its GDP amounts to 18 trillion US dollars and, thus, Europe is listed in top three of the world economic powers. The European single market, associated with the EU’s four fundamental freedoms of movement (of goods, capital, services and people), represents the “pillar of the European Union’s strength, its origin and the guarantor of its viability”, according to the authors.

The book’s contributors critically analyse the functioning of the single market in the context of megatrends and changes in the global economy. The advancements in green economy, circular economy, digitalisation, and artificial intelligence are duly and thoroughly explored. Subsequently, the realignment of competitive relations is carefully considered, against the background of the spectacular growth of other economies.

The study includes 14 chapters covering 469 pages. It is written both in Romanian and English, with an extensive summary in Romanian. The authors - distinguished members of the academic community - have capitalized upon their research experience, examining a wide range of issues. The style of writing leaves room for value judgments, the study displaying fluidity, which in turn easily captures the readers’ attention.

The research reserves a special place for the comparison of the economic performances of Bulgaria and Romania—countries that joined the European Union

¹ **Iulian Onească**, PhD, is an expert within the European Studies Unit, European Institute of Romania.
E-mail: iulian.oneasca@ier.gov.ro

simultaneously. Thus, the plurality of ideas and ways of interpreting phenomena is promoted and the free expression of opinions is ensured.

The narrative covers a diversity of issues, following a traditional economic approach. The context is carefully emphasised and priority is given to facts, processes and exchanges, that are financially-related. Besides the economic approach, there is also an excellent analysis and diagnosis of political imperfections. The authors refrained from searching for market solutions to problems derived from the unstable political environment. However, the single market is, first and foremost, a market of people: its accomplishments improved peoples' lives and brought them closer, in line with the EU objectives. The backsliding of democracy - present in different degrees in some EU member states - represents a long-term process that can lead to mob rule², which is mirrored by the current populism.

The book is structured in three parts. The first one - *Three decades of the single market* - presents the chronicle and status of the single market, and addresses the performances of Bulgaria and Romania, with a particular focus on the Romanian economy. It continues with the foundation of the European integration project and the restoration of trust, and it ends with the completion of the European unification, as an economic necessity and a political aim.

This section introduces the European single market as basis for the proper functioning of the EU. According to the authors, the "EU single market arose as a higher stage of evolution of the European integration". The cooperation between member states increased due to the single market, as shown by the surge in intra-EU exchanges. Thus, we can infer that the accession of Romania and Bulgaria to the European Union was beneficial both to these countries and to the Union. The levels of economic growth, development, and convergence are a proof in this sense. Both countries present imbalances in their respective economies that need to be redressed; the process is facilitated by foreign direct investment incentive policies that aim at bringing the industrial sector to an appropriate level of technological development.

Being one of the main actors in the global economy, the EU is undergoing extensive transformations. It has ambitious objectives that aim at reaching climate neutrality and the leading position in the digital arena. At the same time, the EU has shown remarkable adaptability. Its economic and political systems have overcome the successive crises of the last two decades. Nonetheless, the single market has to cope with policy gaps and vulnerabilities, despite the ongoing progress and the benefits it triggers. All the major disturbances and various crises - the global financial crisis, the Eurozone debt crisis, the rise of energy prices, and the ongoing war in Ukraine - exposed its inconsistencies. One of the worries expressed by the authors is that the fragmentation of the single market "is likely to expand as a phenomenon", while the confidence in its role might be diminishing. The member states do not equally respect the compulsory rules. Meanwhile, Euroscepticism and populism are on the rise. One can notice a decreasing trend of the enthusiasm regarding integration, fact which dilutes the interest in the single market. The stability and functionality of the monetary and fiscal framework of the euro area are conditions for the prosperity of the European citizens. They act as anchors for future reforms and institutional developments at the level of the EU and that of the

² Polybius, *The Histories*, published in *Vol. III of the Loeb Classical Library edition*, 1923, http://penelope.uchicago.edu/Thayer/E/Roman/Texts/Polybius/6*.html (Accessed: May 5, 2023).

member states. The creation of new EU institutions can contribute to the completion of the European unification.

The second part of the study examines the *Global megatrends and the functioning of the Single Market*. The Europeanisation of Eastern Europe, under the current centrifugal tendencies that point to the benefits of nationalism, is an important aspect which requires particular attention. Possible power reconfiguration trends within the EU are considered. The section addresses the functioning capacity of the EU single market under the stress of the green economy objective. Different megatrends - the classic macroeconomic and the microeconomic (digital) one - are analysed in relation to the European independence and to the soundness of the EU payment system. The economic sovereignty, in the globalisation age, confronts the Euro area's cohesion with non-euro economies. The section ends with an analysis of the new imbalance in the global configuration of power that Europe is faced with.

The authors' message is that we can build a stronger Europe, with fewer rigors of uniformity in matters of national state governance. From an economic perspective, the relations of the states belonging to a single market, capable of exerting global influence, should be strengthened. With respect to security, it is necessary to take steps towards creating more coherence on matters related to defensive strategies and armament compliance. The social policies tend to remain predominantly a source of disagreement between national governments and citizens.

The third part of the study considers the *Innovation – key to the long-term competitiveness of European companies*. The analyses deal with four themes. They start with digitalization, as an asset that ensures the cohesion of the single market, they continue with the presentation of key European corporations, specialised in research and development, and end with the European blockchain for securing services' infrastructure.

Digital technologies and processes have left their mark on society as a whole. The digitization of goods and services has significant implications for the lives of the European citizens. The business models and environments, the trade, the mature industries and the public administration sector are undergoing dramatic transformations. The lack of a harmonized legislative framework for e-commerce prevents the EU from taking full advantage of the benefits entailed by the size of the internal market. European companies grow more slowly than their main competitors in the world economy (namely, the United States of America and China), have lower returns, and invest less in research and development. As a result, they are less competitive. The IT sector, which conditions the advance of digitalization, is lagging behind, especially as far as the value and development of information technology and of disruptive innovations are concerned. Germany is home to five of the top 10 highest-ranking European companies, fact which indicates an ominous polarization in the future. The functioning of the EU is compatible with the blockchain technology: due to its supranational nature, it operates beyond the borders or jurisdictions of the member states, but it also acts proportionately, between nodes, at the level of the member states. Accordingly, the European Blockchain Services Infrastructure - a unique project - intends to add value to the blockchain technology, through its use in the public administration sector, and thus paves the way towards deeper European integration.

The entire work is a very complex endeavour. The wealth of information and abundance of value judgments are overwhelming. Researchers, specialists, and the wider target audience are kindly invited to read and assimilate the information provided by the

authors of this study. The reader's inherent tendency to redo reasoning and critically analyse the interpretations and conclusions will be challenged by the substantial information and arguments. The effort is worthwhile, since the reading of this book will be a rewarding experience and will enable the reader to connect to the marketplace of ideas. Thus, new arguments might be devised and the value judgments might be strengthened or refined.

In light of my preferences, I would say that a shortcoming of this study consists in the self-imposed limits of single market analysis. Market mechanisms deserve more attention, so as to see how their benefits could be extended to society as a whole. For this reason, we should take into account the specifics of the social market economy, in line with the European treaties, as well as the influences of the market on transaction costs, or the benefits of the Schengen Area. In fact, however, each of the 31 jurisdictions of the single market and all of them together constitute a challenge difficult to tackle even without other considerations.

I highly recommend reading the volume³ as it is both informative and inspiring.

³ The volume is available at: <https://edijmarescu.com/pia-a-unic-a-30-ani>.