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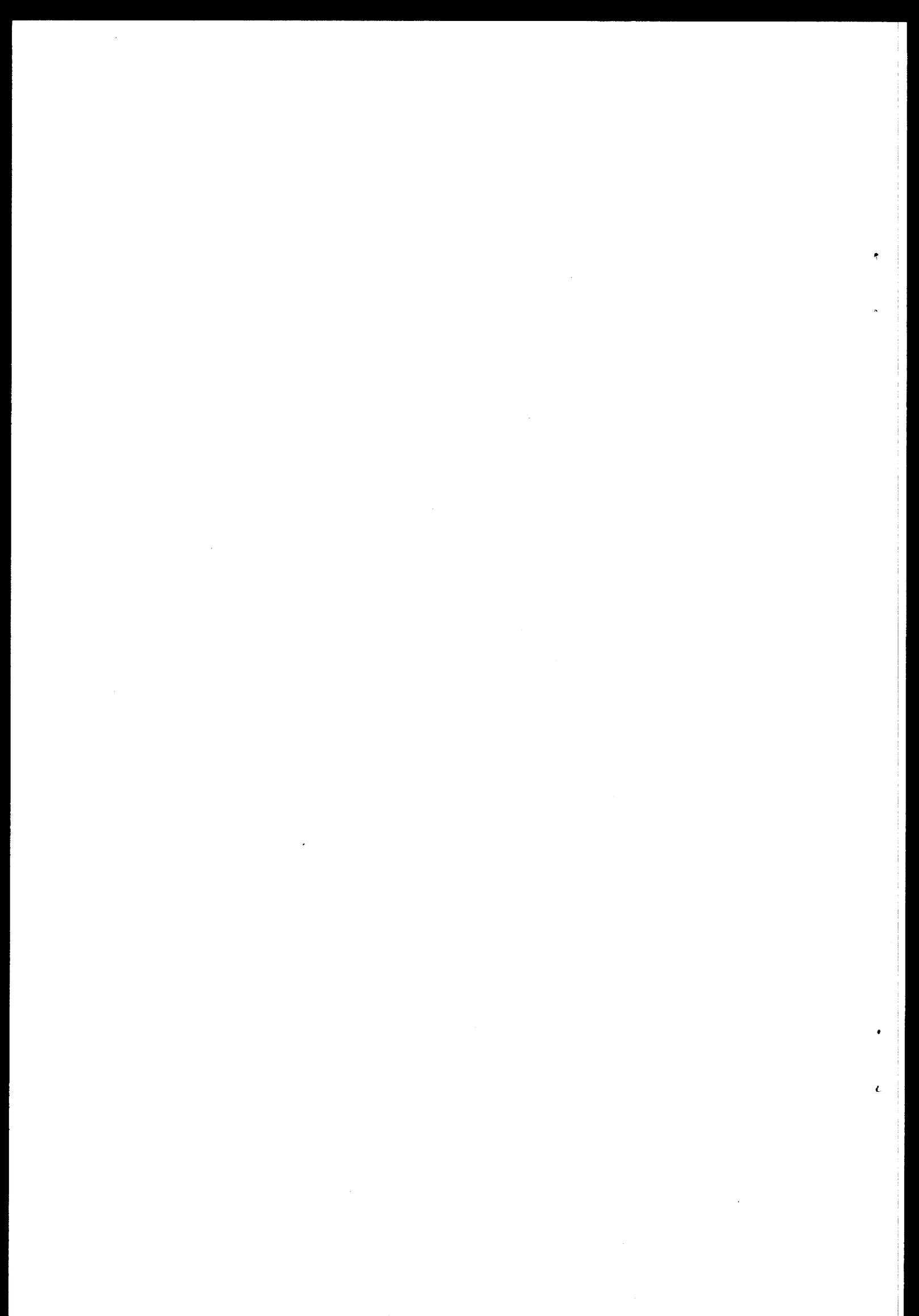
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This paper is the result of a collective effort undertaken by the Forward Studies Unit in the autumn of 1998 at the request of President Santer.

It was written by Gilles Bertrand.

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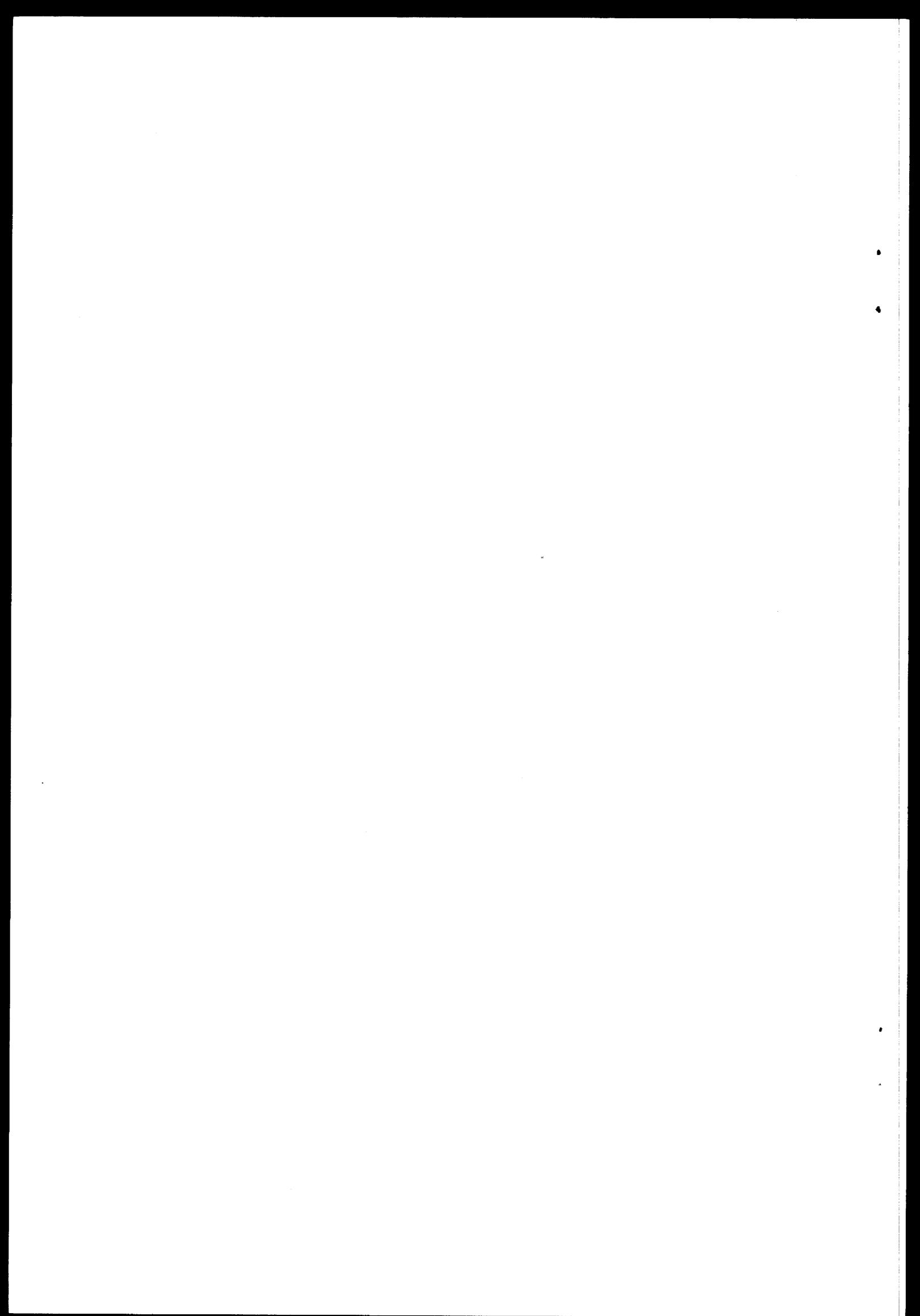
The Union we need

European integration is anything but a natural phenomenon. It is not some fate or chance that has befallen Europe against its wishes, but a conscious, deliberate and rational rejection of decline and the mistakes of the past. It was deliberately willed by the nations of Europe. It was they who wanted the Single Market and who planned the euro, laid the foundations of political union and decided on enlargement. In embarking on integration, Europeans have woken up to their shared destiny, in order to shape it.

This point may seem trivial, but it is in fact highly significant. It reminds us that the debate on Europe misses the point whenever it pits the Member States against the Union and whenever it looks on the European Union as a mechanism apart, surplus to the continent's other political structures. The Union is only one of the parties acting to defend the interests and values of Europe. If integration sometimes generates tensions with or between Member States, that is because the task of the Union institutions is to remind States of their fundamental commitments and protect them against their inclination to prefer their own short-term interests. Nonetheless, we are all moving in the same direction: *the Union institutions and the Member States are - if only by default - shaping the continent's destiny together.*

If we are to ask what is Europe's *raison d'être*, we must gauge the ambition and imagination that is required today. The human race finds itself in a situation unique in history: it is wealthier and more numerous, it has enormous technological opportunities, but it is also riven by social inequalities; and by its weight and its economic development, it is threatening the very survival of the planet. Europe has reached unprecedented levels of prosperity, stability, democracy and education. At the same time, it is confronted by the ageing of its population, the need to reform its administrations and institutions and the complexity of its societies. In these circumstances we cannot fall back on any of the usual expressions of resignation. The notion that, "it has to be done this way, because that's the way we've always done it" will no longer wash. Responsibility, ambition and the determination to reform take on a new meaning when we can no longer wait for the next war to come along so that we can rebuild from scratch.

We need to be aware of the natural partnership between the Union and the Member States and of the effort that is required in terms of imagination and responsibility. It is against this background that we must take a fresh look at Europe as a political project. What is it that isn't working? What are the ambitions and challenges which still justify "an ever closer Union between the peoples of Europe"? How should we act?



What is it that isn't working?

Since the early 1990s, discussion of Europe's future has been bound up with the broader question of the crisis in political decision-making, whether it be approached from the angle of the institutions or the "democratic deficit", or couched in terms of the now classic question: how can we bring Europe closer to its people?

Yet the political crisis is only one aspect of change. There are dozens of other factors which demonstrate the profound changes we are facing: the questioning of science and progress, the emergence of new social and political forces (women, the regions, the civil society), the growing interdependence between the world's nations, the transformation in the way the business world is organised. What is more, even if we concentrate solely on the question of public scepticism towards politics, we find that it extends far beyond the debate on integration. Nor is it a denial of the ideals and aims espoused by governments. On closer inspection, it is a sign that ordinary people have realised that a certain model of public administration (i.e. the way we are governed and administered) has reached its limits. Clearly, representative democracy and technocracy no longer inspire enough confidence among Europeans.

This crisis of governance has hit the Union head-on. First of all, because public mistrust of national politics rebounds on European integration, and second, because the Union itself is largely built on the old system of governance:

- Quite apart from the political vision of its founding fathers, the Union is the product of an era dominated by a legalistic and technocratic approach. To some extent, all that it required was for a few technically competent individuals to amass enough information in order to take perfect decisions which were then adopted by a parliament and applied across the board. As a result, problems have tended to be tackled from a technical angle, to the detriment of their political or ethical dimension. This approach is out of place in an era when ordinary citizens regard progress and rationalism with suspicion.
- Europe has also inherited from that era an excessive degree of compartmentalisation: both the Commission and national government departments are organised vertically, with each Ministry or Directorate-General dealing with their own portfolios, applying their own logic, heeding certain lobbies and paying scant attention to any ramifications outside their field of expertise. The mad cow affair was a painful demonstration of how bureaucracies organised along sectoral lines find it difficult to cope with wider issues or matters of general interest. Compartmentalisation is also a feature of the political agenda: IGCs continue to discuss separately the major issues of European integration.
- The preferred approach of European integration has been to standardise by law rather than take account of diversity. The formulation of a vast body of rules and the quest for harmonisation were necessary components of the Single Market project - and they have borne fruit. But this approach can become simplistic and inadequate when applied to goals of a more political nature, such as those which have been assigned to the Union over the last decade. Moreover, there is no doubt that this approach is partly responsible for the feeling which has taken root among a section of the public that the *construction* of Europe could pose a threat to Europe's diversity.

- Finally, the Union was founded and is still being constructed behind closed doors rather than in the open. The reactions to the Maastricht and Amsterdam Treaties showed that Europeans are less and less willing to be presented with a *fait accompli* when it comes to European issues. We must urgently speed up the transition of European integration from a diplomatic process to a democratic one. In particular all reforms of the Treaties should be drawn up by procedures which are more comprehensible to the general public.

Europe as a whole (from the Union down to the most local level) must take these facts on board and embark on a major reform of its system of governance, failing which our politicians and institutions will gradually lose their ability to react to and direct events. But if it is to succeed, the reform must go hand-in-hand with a better understanding of what is changing around us and a willingness to ask questions about Europe's ambitions for the century ahead: what kind of society do Europeans aspire to? What values and messages do they want to carry to the international stage?

What challenges does Europe face?

European integration is, by its very nature, a movement that is looking to the future. It is hardly surprising that it began to take real shape in the post-war years, when the continent of Europe was able to face up to its decline, size up its weaknesses and apply solutions that were genuinely new. It was clear thinking and ambition that allowed Europe to tackle the job of rebuilding its economy and founding the welfare state and to set up the machinery of the Council of Europe, followed by the ECSC, then the EEC. We must now apply the same imperatives of clear thinking and ambition in asking once again, what are the challenges facing European societies?

Globalisation is undoubtedly the first issue that springs to mind. Although its consequences have been exaggerated by some, we are witnessing the emergence of a world market in terms of both trade and production: consider for example the strong growth in foreign direct investment. The nations of the world are growing ever more interdependent: economic development relies increasingly on factors such as knowledge and technology, which are oblivious to frontiers. The pace of innovation is increasing, whether it is technological progress or changing patterns of business organisation. But ordinary people have yet to be convinced of the benefits of this adventure. The speed of change causes a deep unease, as it blurs individual points of reference, not least identity. And globalisation - at least in its present form - is an inegalitarian process, which threatens above all the weakest and least mobile social groups.

Europe must also adapt to the radical changes in *international security* since the end of the Cold War. From a military standpoint, Member States now face very little risk of a "classic" war, where one country attacks another. So the army's task is no longer to defend territorial integrity, but to be able to despatch forces further afield to prevent or end conflicts. Otherwise, the most serious threats to the continent's security are not military ones. The most dangerous - and the one we've had least success in stemming - is international crime, whether it be organised crime, terrorism, money laundering or trafficking in drugs, arms or people. In some cases the criminals operate at world level, taking advantage of the fluidity of the international financial system. They have a head start over police forces, which have essentially remained compartmentalised at national level. Moreover, the problem of international crime, like the threat to the environment, is best tackled at its roots. This demands close cooperation with the States where it originates, wherever possible.

Europe must also reform its social welfare systems. Globalisation is partly responsible for this need, as it puts tax and social security systems in more direct competition with each other. However, the factors which make reform an absolute necessity are mainly internal ones. First, our social welfare systems are based on an outdated rationale inherited from the industrial era: standardised contributions, a linear view of people's lives (education, work, retirement), jobs for life, etc. Second, the ageing of European populations and the arrival of mass unemployment have sent the welfare state into a vicious circle which benefits the present generation (in particular today's pensioners) at the expense of future generations, and individuals in traditional jobs at the expense of those who live on the margins or have atypical employment patterns. We can no longer go on fine-tuning the present system: Europe has no choice but to devise new systems which combine solidarity with individual responsibility and are more in tune with the lifestyles, needs and activities of Europeans today.

But *the demographic challenge* is about much more than financing social security in the developed world. Humanity is growing at a rate unprecedented in its history: by the middle of the next century, there will be nine billion people on Earth, compared with six billion today and only one billion in 1820. The trend is most pronounced in developing countries, with 95% of babies being born in the Third World! World population growth will throw up two major challenges:

- First, it will bring greater industrialisation, cause a spectacular increase in the demands to be met and speed up the degradation of the natural environment. We already know that industrial development and the patterns of consumption in the rich countries are draining the planet well beyond its capacities for recovery. We are also familiar with the statistics which show that the human race is already squandering its natural capital. Take fisheries for example: according to the FAO, 11 of the world's 15 largest fish reserves are in decline, and more than 2/3 of the principal species of fish require urgent intervention if they are not to slide towards extinction. Equally alarming figures could be produced for tropical rainforests, desertification or soil and air quality (particularly in the developed world). The 21st century will see rising tensions over the distribution of natural resources between regions, between States and even at world level. If humanity continues along its present path, it will bequeath to future generations a world damaged beyond repair.
- Demographic developments will also reduce the proportion of the world's population living in developed countries. For example, an enlarged European Union will constitute only 1/20th of world population in 2050 — and 10% of these Europeans will be over the age of 75. This trend is quite simply incompatible with the huge inequalities in income in the world today, where the industrialised countries, which make up 15% of the planet's inhabitants, hold 75% of its wealth, while at the other extreme a billion people are unable to meet their basic needs (UNPD, 1998). In time, these imbalances — which are growing worse — will provoke serious political tensions and prompt uncontrollable population movements both within poor countries and across the world. With the prospect of movements on such a large scale, the idea that Europe, the United States and Japan could opt for isolation is a delusion. How can a group representing one-tenth of the world's population, and an ageing group at that, even conceive of a policy which consists of barricading itself from world instability, environmental disasters and mass migrations? If the rich countries succumb to this temptation, they will simply be signing up for a later, but probably more violent explosion.

Globalisation, security, social welfare reform, and sustainable development: Europeans need the Union to meet all of these challenges. Nation states are too small. Three of these issues are global in scale and cannot be influenced by any single Member State on its own. If Europe wants to promote its values and common goals, it must act in unison and speak with one voice. As for the system of world governance, it is too weak today to constitute a real alternative. In the absence of a more robust international body, regional groupings are the best way of achieving coordination in the management of world affairs. This is borne out by the fact that nearly all the world's regions have declared their ambition to work towards regional integration, more often than not drawing inspiration from the most far-reaching and comprehensive example to date - the European Union.

Three responses to the need for Union

The two digressions we have just been on were necessary. We have to be aware of the radical changes which need to be made to systems of public administration if they are once again to function, as they should. And we have to grasp the scale of the challenges looming before Europe and realise how pressing is the need for union which they reveal. Only when we have thought through these somewhat contradictory positions does the obvious question spring to mind: how are we to put together a political project for Europe?

We must be particularly careful *not to think we have to carry the idea of the distribution of powers* between Union, Member States and regions *through to its ultimate conclusion*. The four challenges discussed here are huge ones, so complicated that everyone has to be involved, and answers to them have to be found at every level of public administration: from the local community, as it struggles to use its assets to best advantage so that it can adjust to the global economy, right up to the Union, when it sets out to negotiate with Europe's major trading partners (to take globalisation as an example). In other cases, the only way of solving the problem will be to make sure that the politicians and administrators cooperate as closely as possible. For example, the welfare state can only be reformed if the Union acts as a catalyst, working to help the regions and the Member States (which, in this case, are directly involved). In other words, the way to take up the challenges will be through active subsidiarity, concerted action, moving towards definite targets and operating at every level.

Another major lesson of these last few years has to do with democracy: *Europeans are demanding to be involved, in a real sense, in decisions on matters which affect them*. This demand goes a great deal further than just the taking of decisions. If the work of politicians and institutions is to be acceptable and produce results, what has to become democratic is the whole process, from pinpointing the basic problem to implementing and assessing the solution. This issue is distinct from that of the reform of the institutions, more a case of those inside the institutions using them differently, creating more opportunities for genuine dialogue, and letting the key players and interests play a greater part. We need to devise arrangements through which the interests involved can work together to find solutions which fit the problems as they face them. In fact, this is already happening all over the Union. A host of public forums and opportunities for discussion are emerging (one thinks, for example, of round-table discussions, citizens' panels and Green Papers), giving people a better shared understanding of the issues at stake before any decisions are taken, so that it then becomes easier to get decisions accepted and put them into effect. And once decisions have been taken, there is a profusion of monitoring and assessment committees which give people a better understanding of how politicians and administrators work and the limits on what they can do. Yet in many cases these experiments do not go far enough, and a sincere desire for dialogue is not always a prominent feature. We have still to invent instruments which supply a dependable forum for prior consultation, for decisions taken openly and cogently explained and for access to justice, at every level of government - Union, Member States, regions and so on - involved in implementing European policy.

There is a third idea which should guide us along the path towards a workable political plan: *the dividing line between domestic policy and external policy has disappeared*. Are we really aware that all the great battles discussed here will be won, at least partly, outside the Union? Europe cannot afford to play an isolationist game, because whatever happens it will be faced with a dilemma: it must either export its stability, or import instability from outside. In its part of the world, Europe can only keep the risks of soft security within bounds by setting up ambitious partnerships designed to help Africa, the Mediterranean, eastern Europe and Russia as they struggle to develop in ways which are stable in economic, political and human terms. Similarly, reinventing our social security systems is a game which has to be played in central Europe as well: we in Europe must persuade the applicant

countries right now that it is in their interests to develop their own social security systems. How much we depend on the outside world is even more obvious when it comes to fighting for sustainable development. There is more to this than fitting catalytic converters on cars in Europe: the battle has to be waged in India, in China, in the Third World countries, where the message Europe exports conveys an unrealistic image of wealth and economic development – the very things which are not sustainable. These are the countries we must work with as soon as possible to find ways of managing the planet's natural resources together. To sum up, if Europe shows that it has no influence on its neighbours and the world's other key players, it dooms itself to powerlessness.

Interim conclusion

In a real sense, then, the political challenge confronting Europe today is the challenge of devising a plan which will mobilise people and convey a real meaning: mobilise people because Europeans will not be inclined to set out yet again to build a political construct which they cannot grasp; and convey real meaning in the sense that they fervently want to get back in touch with their shared values: solidarity, equality in dignity, peace and the supremacy of right over might.

If it is to succeed, this new project will have to be worked out elsewhere than through the traditional channel of revising the Treaties and in an arena which transcends the mere workings of representative democracy. Sincerely democratic debate is the direction in which Europe really needs to be led today.

