

## **We Need to be Able to Disagree on European Policies**

*Jean Pisani-Ferry\**

The document by Greco, Padoa-Schioppa and Silvestri is a very topical and interesting attempt to define a bipartisan consensus on European issues. It can be looked at through Italian and European lenses.

From an Italian perspective, it can be regarded as a skillful initiative to get the major political groupings to accept that there is common ground on Europe so as to maintain a continuous and credible foreign policy.

But it is also relevant from a European perspective: the UK, France, the Netherlands and Poland are all countries where Europe is not consensual. The same question continues to come up there and elsewhere: is there a reasonable common ground on Europe? Can there be, should there be a "Brussels consensus" (to use a variant of John Williamson's "Washington consensus")? An attempt will be made here to examine the problem from this angle.

\* *Jean Pisani-Ferry* is Director of Bruegel, a Brussels-based economic think tank. This comment is based on an intervention made at the international conference "Beyond the Crisis: Fifteen Proposals for Italy's European Policy" organised in Rome by the IAI on 23 and 24 January 2006 to celebrate its 40th anniversary. The conference was supported by the Compagnia di San Paolo, Turin, and the Italian Representation of the European Commission, Rome.

## 2 We Need to be Able to Disagree on European Policies

### **Constitutional vs. partisan politics**

The document in fact attempts to draw a border between constitutional politics – on which consensus is expected – and partisan politics – on which reasonable people may disagree. This is not an easy task, as illustrated last year in the debate during the referenda on the draft constitution. People in France actually disagreed on the basics: a unifying theme of the “no” camp – to which the “yes” camp was not really able to respond convincingly – was that the referendum was about constitutionalising matters which belong to the realm of partisan politics. While participants in the Convention on the Future of Europe thought they had reached a reasonable consensus, the victory of the no in fact indicated that there was disagreement on the very principle of claiming that some choices were beyond dispute.

In France as elsewhere in Europe, there is evident dissatisfaction about the state of the European Union. There can be various interpretations of it, but polls strongly suggest that this dissatisfaction stems mostly from the state of the economy. People rightly regard European integration as an endeavour that is meant to deliver prosperity, a major European public good. However, they do not see the prosperity and hence are dissatisfied.

The question is therefore not whether people are satisfied or not. It is whether they are dissatisfied with European integration in general or with the specific policies adopted, which are partly the responsibility of the EU and partly the responsibility of member states. And therefore, whether it is possible for them to express dissatisfaction with the way the EU is run without questioning the EU itself. The greater the scope for disagreement on how the EU is run, the more consensus there can be on the essentials of European integration.

Drawing the border between constitutional and partisan politics is thus important not only because it highlights what you agree on, but also because it establishes what you can disagree on. Bertold Brecht once told the Communist Party of the former German Democratic Republic that it should draw up a list of questions to which there is no answer because the party was always pretending to have an answer to everything. In the same manner, what I suggest is to draw up a list of the issues on which there can be disagreement among dedicated Europeans.

### **European partisan politics?**

Is there, however, something like partisan European politics? The widespread perception is that it hardly exists because at the end of the day, divisions are along national rather than partisan lines.

But recent research by Simon Hix, Abdul Noury and Gérard Roland sheds a different light on the issue.<sup>1</sup> They have studied all votes in the European Parliament over the last 25 years and found that there is increasing partisanship within the institution, that is, that the members of the European Parliament vote less and less along national lines and more and more along partisan lines. This is not to say that national views do not matter. But the trend is unmistakable: there is increasingly a European debate in which there are disagreements between the right and the left on a certain set of European issues.

This is good news because it is an indication that you can be in favour of the EU system and at the same time disagree on specific policies, as in any country where you can accept the constitution but disagree on policies. The problem is that citizens hardly perceive this trend. Links between MEPs and the electorate are weak. Electoral campaigns for the EP are fought along different lines in different countries and issues that are divisive within the EP are not perceived at the national level.

The matter also has to be taken one step further to see what room there is for partisan politics on the main European economic policies. A simple way to investigate this is to use the intellectual structure of the report written almost 20 years ago by Tommaso Padoa-Schioppa called "Efficiency, stability and equity".<sup>2</sup> It breaks economic policy down into three basic elements, the three pillars of the economic policy debate: allocation policies, which have to do with efficiency; macroeconomic policies, which have to do with stabilisation, and redistribution policies, which have to do with equity. Political parties within EU countries have different views on what is desirable as regards efficiency, stability and equity. Do those disagreements have a European dimension? Do they trigger a European debate?

### **Efficiency**

On efficiency, my short answer is: increasingly. There are different views in the European Parliament on the extent of public regulation, harmonisation vs. competition on regulatory or tax matters, corporate governance, the role of industrial policy, etc. This has been illustrated in a number of recent

<sup>1</sup> S. Hix, A. Noury and G. Roland, *Democratic Politics in the European Parliament* (place of publication: name of publisher, forthcoming). See also S. Hix, "A Supranational Party System and the Legitimacy of the European Union", *The International Spectator*, vol. 37, no. 4, 2002, pp. 49-60.

<sup>2</sup> T. Padoa Schioppa, *Efficiency, Stability and Equity*, Report to the President of the European Commission (Oxford: Oxford University Press, 1987).

#### 4 We Need to be Able to Disagree on European Policies

debates, not only over the services directive, but also over the Reach directive and the takeover directive. In all these issues there are different views that distinguish the right from the left.

This dimension of the left-wing debate was overshadowed in the 1980s and the 1990s by the dispute between integrationists and partisans of national sovereignty. Throughout the history of the EU, and especially since the launch of the Single Market, integration has been closely associated with liberalisation. Opposition to liberalisation thus went along with opposition to integration.

But those times are over. Except in specific sectors like utilities, the *de facto* alliance around the Single Market between Jacques Delors the integrationist and Margaret Thatcher the liberaliser has dissolved. As integration has matured, there is increasingly a debate on the structure and regulation of European markets. There is thus room for disagreement between left and right. From this perspective, the controversy on economic "patriotism" or "nationalism" that emerged in early 2006 is very dangerous. The risk is that it will once again overshadow the discussion on how the EU should be run and lead back to paleolithic discussions on the exclusive role of the nation state in the protection of national economic interests.

#### **Stability**

On stability, the answer is: potentially. Within a framework where there is agreement on the need to preserve price stability and fiscal sustainability, there is also scope for disagreement on the degree of activism of both monetary and fiscal policy. To take just one example: the British monetary framework is different from that of the euro zone, yet it is also compatible with price stability and fiscal sustainability. So you can have different frameworks that meet certain requirements and at same time endorse different views on macroeconomic policy.

The problem here, however, is that there is still too little debate on these issues, in part because monetary issues are beyond the reach of politics and in the hands of the European Central Bank, which prefers to avoid being challenged on its priorities and strategy, and also because fiscal policy is very much restricted to the national framework. So potentially there is scope for debate, but it has not yet been realised at the EU level.

Making room for a macroeconomic debate should be a priority for the EU. The discussion on the reform of the Stability and Growth Pact was a first example of what can be discussed and must be regarded as a positive development. More should follow and whatever one's view on the issues at hand, discussion should be welcomed.

## **Equity**

Finally, on equity, the short answer is: to a very limited extent. The difficulty is one of competence, so it is a serious one. The European Union has responsibility for redistribution between countries or regions, but none for redistribution among persons. Thus the debate on the equity dimensions of reform, which is a major topic for controversy in some European countries, does not take place to the same extent in Europe. The result is that the people who care the most about equity – and about alleviating the pains of those adversely affected by economic liberalisation and globalisation – do not find an answer at the EU level. This is a potentially dangerous threat to the legitimacy of the EU because people do care about equity. An EU that has nothing to say about it could easily turn into a scapegoat.

In this respect, the proposals put forward by Commission President Barroso for a globalisation fund are useful. The very fact that they have been put forward is an indication that he is aware of the issue and in search of political responses. There are, obviously, many technical problems involved in the operation of such a fund, but it is nevertheless a clear attempt to introduce the interpersonal equity dimension in the European Union toolkit. In fact the debate this proposal has triggered already encompasses familiar themes in the left-right debate, such as the trade-off between assistance and moral hazard.

## **Conclusion**

It is important to know what you can agree on, but equally important to know what you can disagree on. The upshot of the analysis made here is that there is some, but still not enough scope for political disagreement among those who favour European integration. This is unsafe for Europe and one of the best ways to develop ownership in the EU among citizens is to engage in sound debates on the way it is run.