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Speech by Romano Prodi President of the European Commission For a strong Europe, with a grand design and the means of action Institut d'Etudes Politiques Paris, 29 May 2001

DN: SPEECH/01/244 Date: 2001-05-29

TXT: FR EN DE IT

PDF: FR EN DE IT

Word Processed: FR EN DE IT

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President of the European Commission

For a strong Europe, with a grand design and the means of action

Institut d'Etudes Politiques

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Monsieur le Directeur,

Ladies and Gentlemen,

First of all I should like to thank you for your invitation. It is a pleasure to speak at an institute whose reputation is of such long standing but which has resolved to be open to the realities of Europe.

You are young. You have grown up since the fall of the Berlin Wall. You are not prisoners behind the lines drawn during the Cold War: an enlarged Union is your natural horizon. It is you above all who have to discuss the future of the European Union.

Here in the country of Jean Monnet and Robert Schuman, with its ambitious view of the European Union's role in the world, I should like to go beyond the minutiae of institutional considerations. I do not wish to speak about the Commission of today but about the Europe of tomorrow.

There are times when history presents the people with a decisive choice. In my opinion, such a time has come for the people of Europe. Globalisation is bringing about changes similar to those which resulted from the discovery of America five centuries ago: the world is

becoming smaller; the trade in ideas and material goods is expanding.

On their own, our nation states do not have the critical mass needed for effective action. The countries which will influence the course of events will be those which have recognised this change of scale. The others will have to resign themselves to what awaits them.

In these changed circumstances, the peoples of Europe enjoy at least three significant advantages.

The first is our economic and commercial size: from the common market to the single market, from the single market to the euro, our achievements are tangible. Facing up to the challenges before us, we have gradually devised appropriate and original responses. Given the economic compartmentalisation which prevailed in Europe until recently and the maze of regulations which impeded companies and financial markets, our economies have made impressive progress.

Our second advantage is enlargement, which will transform the Union into a continental power. Enlargement will mean the reunification of Europe, the emergence of a major focus of international life. This reunified Europe will have power behind it and will be distinguished by a keen sense of its responsibilities, having been forged by history. Enlargement will mean the end of fifty years of ideological division. It will also be the final victory of democracy over totalitarianism, following on the defeat of national socialism and fascism and the removal of the Berlin Wall. The enlarged Union will be powerful but it will never be dominating.

Lastly, and this, in my opinion, is what is most important, the European Union has a third advantage, namely the irreplaceable intellectual capital which it owes to its diversity of cultures, the educational level of its peoples and the length of its national democratic traditions.

Thanks to these advantages, we need not fear globalisation. On the contrary, we can put it to good use.

Almost 90% of Europeans have ambitious priorities for the Union: the maintenance of peace and security and the fight against unemployment, organised crime and social exclusion.

These same Europeans, however, are little concerned by the way in which the Union operates. This indicates that it is time to build Europe along different lines.

The founding fathers intentionally avoided any particularly sensitive political questions. Rapprochement was left to the industrialists and the businessmen, in line with the historical traditions of Europe, where traders were often the pioneers.

The genius of the founding fathers lay in translating extremely high political ambitions, which were present from the beginning, into a series of more specific, almost technical decisions. This indirect approach

made further action possible. Rapprochement took place gradually. From confrontation we moved to a willingness to cooperate in the economic sphere and then on to integration.

Following successive adjustments (Single Act, Maastricht, Amsterdam, Nice), my view is that this method, which reflected the constraints and objectives of the past, is now reaching its limits and must be modernised, for in the European Union the "pre-political" era is over: after the businessmen, it is now the people who aspire to building the Union; all levels of society now feel involved.

Political Europe.

The international and internal conditions for the real politicisation of the European integration process have now been met: the time has come to take our future in hand and to shape it. The time has come to build a political Europe.

By redefining the European project and making our objectives quite clear, we can ensure that Europeans take charge of Europe.

I do not yet wish to discuss the final form which the Union should take; I merely wish to outline the projects for which it should exist and what we hope to achieve together. In this sense I share the opinion expressed yesterday by the French Prime Minister,

Lionel Jospin: "Europe is first and foremost a political project".

define objectives

Before any further institutional negotiations, we must first of all define our **objectives**. Once our objectives have been clearly defined, **we can acquire the means of action commensurate with our ambitions. Then we must consolidate our shared democracy.**

I shall deal with these three points in turn, hoping that it will not be considered an affront, here at Sciences-Po, to present my case in three parts.

1. Setting common objectives

To make things clearer, I would like to distinguish between the Union's internal objectives and those it should set itself for its relations with the rest of the world.

Internal objectives

Europeans should look to their past successes to see where their future lies: there exists a "European model" which comes in a variety of different forms but which is our own. It is the outcome of an unprecedented historical balance between wealth and well-being on the one hand and the search for a caring and open society on the other.

Prosperity and solidarity are indeed our main internal objectives. And without prosperity there can be no solidarity.

We would not be enjoying our present level of prosperity were it not

for the single market and the euro: they have made us a leading trading power capable of competing with the US economy. They have provided our companies with a secure environment in which to develop, free from trade barriers and exchange risks. Companies are more competitive, inflation is under control. This gives me cause for optimism: some years ago, when I was Prime Minister of Italy, there was little prospect of achieving this, even with only twelve countries.

With enlargement the large integrated market of the future will serve 500 million people. This growth will come at a time of rapid technological advances. I do not doubt that the result will be beneficial for all concerned.

This enlargement does, of course, also place the question of solidarity in a new perspective. →

We will very shortly be debating tomorrow's common agricultural policy and structural policy after enlargement.

What role should farmers play in twenty-first century society? How is agriculture to remain competitive and satisfy customers' demands? Are we still happy to assist the less advanced regions? How are we to redistribute wealth in such a large area without a decentralised administration?

Only a strategy designed at European level can provide the synergy and balance required for tomorrow's common policies. The need for a comprehensive political approach is not inconsistent with new forms of management, closer to the action, more "cross-cutting" and involving the regional and local authorities more directly.

And we must also think today about what is meant by the "E" in EMU (Economic and Monetary Union): national budgetary policies are still all too often designed on the basis of national interests, even though the euro puts us in a position to share risks. Questions have to be asked: are all countries taking the right measures to sustain convergence? How can we promote full employment without damaging the other indicators? 11-11

All this is important, because without continuous convergence and integration, the large market will break up and the euro will be unable to play the global role we have planned for it.

The second essential aspect for preserving the European model is that of maintaining the cohesion of our societies as far as possible.

→ If we want a social model in which solidarity is a key element - or "fraternity", to use the term in the motto of the French Republic - we must pursue integration: only the constitution of a sufficiently large political Union will enable us to defend this model on the world scene. We need to be aware that in most developed economies, in the United States and Japan, for instance, but also in a good many European countries, the gap between rich and poor is widening.

Ladies and Gentlemen, our societies cannot, with impunity, just stand by and watch some people "get rich quick" while others are left by the wayside. For ethical and economic reasons alike, we must combat the inequalities which are destroying the fabric of society.

Without going so far as to dream of a perfectly egalitarian society, I want to warn of the danger of seeing the gap widen further. Our societies would not withstand this. It is my belief that even though average income levels are higher today than they were in the past, we are still close to breaking point.

Together we can build a "new European-style economy" in which innovation, competitiveness and freedom of enterprise are positive values but in which humankind remains the supreme reference. We are not out, of course, to harmonise all social rules at European level, but to incorporate social objectives such as employment and the fight against exclusion and poverty into our economic concerns as we have already started doing.

Many questions have still to be answered: how far do we have to go with the flexibility of the labour market? Where does precariousness begin? What can we do to prevent millions of children from growing up in homes with incomes below the poverty line? And lastly how are we to integrate the millions of immigrants that European society has attracted from outside?

At present, as you are well aware, the powers enjoyed by the European Union in social matters are limited.

But that is no reason for shirking discussion on the type of society we want and on the instruments that are absolutely essential to build it. A question like this must be addressed. And the upcoming debate must give it priority. There too, in order to live up to the social expectations of the public, the Union must be generous in the options it chooses and it must honour them. In short, it needs to be governed.

Similarly we cannot ignore the environment: we need to join forces to build an economy within the Union that is based on sustainable development. For some people this is a rather abstract concept. But for young people like yourselves, it is very real: it is the expression of solidarity between generations.

At the Gothenburg summit in two weeks' time, it will be the main focus of attention of the Heads of State or Government.

And in what areas more so than the environment, the economy and social matters can we appreciate the very essence of our Union, that "something extra" which it provides? Recent events (BSE, foot and mouth disease) have demonstrated the disastrous consequences of short-sighted and narrowly national policies, which in reality cost far more than prevention and concerted action at European level.

The Union needs to be governed. In other words when taking Community decisions we must bear in mind the long-term implications and look beyond immediate needs and pressing political constraints.

Lastly, the Union must promote greater social cohesion, which means combating all forms of trafficking, organised crime and all the other scourges which cannot be dealt with by one country alone.

All these questions, all these internal objectives for the Union which, I am well aware, I have barely touched on, are highly political. They require a political approach and answers that are worked out with the full involvement of the people and representatives of the people.

External objectives

Having outlined what I consider to be the principal internal objectives of the enlarged Union, I would now like to move on to the **external objectives**.

We are an emerging power, dare I say "a potential power", and this is the paradox of the situation of Europe in the world today.

We should not be satisfied with that : the Union of tomorrow, the Union which will stretch from the Mediterranean to the North Pole, from the Atlantic to the great plains of Eastern Europe, will have to learn to speak with one voice on the world stage. If we do, and only if we do, we will be able to make our voice heard, to make our actions count.

This is absolutely essential because the Union has a role to play in world "governance": in relations between European States, the rule of law has replaced the crude interplay of power. After so many bloody conflicts, the Europeans have declared their "right to peace". That gives us a very special role to play : by making a success of integration we are demonstrating to the world that it is possible to create a method for peace.

Within the Union the influence of individual States is not the only criterion, alliances have no role to play. In a word, power politics have lost their influence. This is a considerable achievement which could facilitate the establishment, at international level, of the ground rules that globalisation demands. We have also been able to develop voting systems, fundamental to democratic processes, where many international organisations have stalled because of the need for unanimity.

We should be proud of our achievement, which involves no aggression towards anyone and no arrogance, and we should work to preserve this achievement in our common interest.

The Union's first external objective should therefore be to preserve the security of the people of Europe, to give them the political stability to

which they aspire.

Thanks very largely to France and Britain, who originated the Saint-Malo Declaration, the Union has learnt from the Balkan Wars of the last decade. It is setting up, in a very short time, a European security and defence policy and has decided to place a rapid reaction force of 60 000 soldiers on an operational footing by 2003.

These commitments still have to be given solid shape, which will require a radical reorganisation of our countries' armed forces and a number of budgetary choices.

Finally, if it is to exercise true leadership in the field of security, the Union will not be able, in the long term, to avoid a number of questions which have not hitherto been discussed: what cause would we all be willing to die for? How far can the efforts of technocrats "export stability"; when should human lives be put at risk? Can an entity with no political unity take action in the long term primarily by the allocation of funds? Does the Union have the financial and technological resources to guarantee its security?

These questions provide fuel for a true political debate, in the highest sense of the term.

The Union will also, and perhaps most importantly, have to overcome the fragmentation and complexity of its foreign policy instruments.

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I should like to make myself clear on this point: fortunately, the European Union's commercial policy is highly respected, because it is strong and cohesive. But a commercial policy is not enough on which to base external relations; a commercial policy alone does not confer a presence on the world stage.

Now the Union's foreign policy has still to find its feet. It has not yet come of age, fragmented as it is between national Foreign Ministries, the Council of Ministers, the High Representative created by the Treaty of Amsterdam, and the Commission.

In my view, this is the most important area in which the Union can make rapid progress. If it fails to take up the challenge it will miss out on a tremendous opportunity.

Finally, and this is also an external objective: the protection of our environment has become a matter of urgency, whether we are talking about preserving biodiversity, developing sustainable farming, or global warming.

On this last point, believe me when I say that my determination is absolute: the European Union will fight to preserve the Kyoto agreement. We owe it to our position in the world, to our sense of responsibility.

Although some doubts may exist, most scientists agree that there is an

urgent need for action. It is simply unacceptable that industrialised countries, massive producers of CO₂, are shirking their obligations. As I have already said in the French press, we are willing to hold discussions with the United States on any problems they may have, but we will not go back on that agreement. At the present time, the Kyoto protocol, the fruit of many years of negotiations, is the best possible option.

So there is plenty of food for thought. Every fundamental debate, every attempt to assign to the Union objectives commensurate with the challenge of globalisation, lead to a single diagnosis: the Union needs greater cohesion and, in a large number of key areas, greater integration.

The time has come for a great leap forward.

2. We must give the Union the means to achieve our ambitions

Ladies and gentlemen, it is not enough to want a Europe that is strong, a Europe that is powerful. It must be given the means of carrying out its policies, which includes institutional and financial means. And we must change our negotiating method, the political debate having a virtue of its own.

Enhanced resources

We have now reached a critical point: after decades of progress and success, the Union cannot stop in midstream. Without fresh impetus, and if the Member States and the Community institutions do not dig in their spurs, the unification of the continent brought by the forthcoming enlargement could prove merely superficial.

Where citizens are looking for a fairer society, they would find only a free-trade area. I do not want to see the Union turn into a grouping of States which is unable to act and develop any real political vision.

Unlike some, I do not see the way forward in the proliferation of "lightweight" structures such as "secretariats" or "steering committees", which would of course be deliberately deprived of any political authority.

Democracy would suffer from such a development because the decisions taken by informal bodies of that nature would not be transparent, would not be subject to scrutiny by the European Parliament, and could not be appealed against to the Court of Justice.

Despite the criticisms levelled against them, the Community procedures offer a good many safeguards. The decisive role played by the Court of Justice cannot be overemphasised here. And I am convinced that one of the virtues of the Nice Treaty is to have strengthened that role.

At the end of the day, I come to the cautious conclusion that the Union's present structure, encompassing both the Community pillar and

the intergovernmental circles, is probably outdated.

Allow me to give three more examples to prove my point:

- First, the way in which economic and monetary union is managed is neither effective nor coherent: in the monetary field, the European Central Bank is independent but does not so far have a stable interlocutor who can convey an overview of the economic policy stances of the Union and its Member States. The latest broad economic policy guidelines are a step in the right direction, but much remains to be done before we have a genuine "economic government". Only the Commission, acting within terms of reference laid down by the Council, can function as the counterpart of the Central Bank: it is the Commission which embodies the general Community interest, and it is within the Commission that an overall assessment of the Union's economic policy can be conducted effectively. Any other solution, devised in order to solve the problem of the external representation of the euro, would not fit the bill.
- In the foreign policy field, Mr Jospin, yesterday, stated a good many truths with which I feel sympathy. I would like to remain true to his logic with my second example: in foreign policy as in other fields, it is an illusion to expect results from an intergovernmental system.

EMU/
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Consistency and comprehensiveness will be achieved, here and elsewhere, only through the combined action of the two arms of the executive: the Council as the decision-making body and the Commission as the executive. That is why I still think that the High Representative, who is, by the way, doing an excellent job, would be much more effective still if he were also a Member of the European Commission.

The whole area of foreign policy would thus form part of the executive function, under the constant scrutiny of the Council of Ministers, but would be simpler to manage, more consistent and more effective.

- My third and last example is justice and home affairs. Areas which are as sensitive from the standpoint of civil liberties as criminal law or police cooperation escape scrutiny by Parliament and review by the Court because they are dealt with in intergovernmental circles. Is that the kind of Europe that we want to establish on a lasting basis?

I often feel it unjust that the Union should be criticised for not being democratic enough, when some of the policies that come under fire are not governed by the Community rules!

From a much broader standpoint, we must carry through to completion the process whereby consensus is replaced by voting, the normal procedure in a democratic system.

What we must do is evolve towards a system of decision-making that is based on voting, a system that is both effective and can be understood by everyone. And from this point of view, I cannot help repeating how much the outcome of the Nice European Council, with regard to the extension of qualified-majority voting, leaves me perplexed.

But, beyond this, we must come to embrace a majority voting culture, in which decisions reflect the will of the largest number but apply equally to each and everyone. All too often, we aim for consensus even when there is none to be found, and progress grinds to a halt. To overcome reservations in some quarters, there is only one solution: to put the matter to the vote.

Every lasting achievement in Europe has been built through the harmonious cooperation of States and supranational institutions with the help of one method: the Community method.

*Community
Method*

The stroke of genius of the founding fathers was precisely to propose an original institutional structure that is neither federal nor intergovernmental. It is precisely because the European Economic Community overcame the dilemma between the creation of a superstate and the juxtaposition of different States that it earned its place in history. By focusing on what can be brought together rather than provoking confrontation, the Community method shows the way forward.

Both as former Prime Minister of Italy and as President of the Commission, that is my uncompromising view of the debate on the future of Europe.

A new Community method, based on debate

The debate has now begun in earnest throughout Europe: the advantage of this is that it provides an opportunity to explain and demystify complicated issues and misunderstandings.

It has brought to light some deep-rooted tendencies. Take the Charter of Fundamental Rights, proclaimed at Nice. It is a sign that the Union has taken an irreversible step. We have moved definitively from a Europe of markets to a Europe of rights and freedoms. These rights and freedoms are the cornerstone of the Union. They give it its essential legitimacy and are the beginnings of a new European constitutional process.

The debate sometimes appears polarised. Take the question of the sharing of responsibilities between the Union and Member States. It is a question of central importance, because one of the purposes of the debate on the future of Europe is to make Europe a place where its people feel at ease, where they play a political role at local, national and European level.

Local roots are vital in an open, globalised society which can

sometimes be frightening. Nation-states are, and will remain, the essential European framework, because of our history and our cultures. However, without the European dimension, we are condemned, at best, to accept other people's rules, to live in a world where the decisions are made elsewhere.

*nation
-states*

This is why there is a need to promote better understanding of the sharing of responsibilities at European level. However, the solution should not, in my view, be sought solely in terms of abstract responsibilities or in definitive or watertight compartments.

We should avoid compartmentalisation, in any form, and encourage the different levels to take complementary decisions.

Heed should be paid to the general aspiration of Europeans to be governed at the closest possible level, and to their parallel desire for efficiency, which at times means that decisions are better taken at European rather than local or national level.

That, of course, is what the principle of subsidiarity is about. The Union should not try to involve itself in everything: it should concentrate on strategic tasks, on giving guidelines and playing a global role.

I am well aware that the sharing of responsibilities between national and European levels of government carries a risk: that of simply producing, by other means, a repetition of the debates - and disagreements on the substance of the European project.

Some people will want to "re-nationalise" areas of responsibility already transferred to the Community, and others to bring new ones under the Community umbrella, depending on public opinion on a particular issue, or on the state of public finances.

My approach would be to enter the debate without reservations, considering the issues carefully and trying, in each individual case, to assess how best to achieve our objectives - through separate or shared responsibility. Even if it seems complicated, we must consider each issue separately and allow the system some flexibility.

Let's take education as an example:

It is evident that the primary responsibility for education should remain with the Member States and the regions. But the European dimension has something extra to offer:

- by facilitating exchanges and the mutual recognition of diplomas and adopting comparative qualification tables.
- by providing a framework in which to exchange ideas on matters such as failure at school, lifelong learning, violence at school etc.
- by providing grants and setting up centres of excellence for research.

My final point as regards subsidiarity is that it seems vital to me that the watchdog in this area should be the Court of Justice, an independent body with the task of resolving disputes, in the manner of the constitutional courts in the Member States. Giving control to a "second chamber" or a "chamber of the nations" would be a backward step, a step towards the arbitrariness of political circumstances.

second chamber

This brings me to my third and final point.

3. Consolidating our shared democracy

European democracy will not be able to evade the major constitutional issues that gradually confronted all the Nation States, and in particular issues of the separation of powers between the executive, legislative and judicial branches, the "checks and balances" that are familiar to the English-speaking world, the principle of "no taxation without consent".

All these issues are on the table. We will have to come up with responses that challenge us as strongly as our national democratic traditions. As I see it, and as the entire Commission sees it, being composed largely of former elected parliamentarians and government ministers, this is absolutely vital.

But while the issues are conventional constitutional law issues, the responses will have to be innovatory. There is an obvious temptation to superimpose national solutions onto the Community reality, but I do not think this will be enough to solve our problems.

One of the toughest of the challenges that the EU needs to take up is the question of the democratic legitimacy of its decisions. We all feel the need for this, but there is no more subjective issue.

Actually, I am always a little astonished when I hear the persistent argument that the European institutions suffer from a certain democratic deficit, bearing in mind that:

- the Council consists of members of national governments;
- the Commission is appointed by the Heads of State or Government and the European Parliament, and it can be dismissed by Parliament;
- most European legislation is debated either by national Parliaments or by the European Parliament or by both.

But the perception is there. And the public want an assurance that they are not giving powers to institutions that are less reliable than the ones they are familiar with at home.

Our institutions are without doubt too complicated. Hence the paradox that where Community powers are tightly defined (competition, external trade), however extensive they may, authority follows. Where

they are unclear or complex, the Community has great difficulty asserting its authority.

The question of transparency at Community level overlaps another still more complex question, which in nutshell form is this: how can the citizen be involved in the management of Community policies in an organisation that is far more decentralised than at present?

It strikes me as particularly difficult to improve the way the European institutions operate without at the same time reviewing in depth the mechanisms for involvement of bodies at national and lower levels, for interaction and for decentralised management of common policies in the context of the existing rules. That is the core issue of the White Paper on Governance that the Commission will be putting out in July.

The other essential aspect of constructing a democracy is the principle of no taxation without consent. In my view, financial reforms must be on the agenda whenever there is any attempt to reflect on the future of the EU.

The question of Europe's resources must be an integral part of the debate on subsidiarity: every level of the decision-making process must be able to rely on identified resources commensurate with its tasks.

In the run-up to enlargement, the introduction of a European tax (to be defined) in place of the current system of national contributions that generate endless conflicts between Member States has often been put forward and could well be a sound solution. Solutions exist, of course, but the difficulties are political rather than technical: the concentration of financial and industrial markets suggests that others could be devised.

We ought to start debating the volume of the European budget as well. There is widespread criticism of this budget, but it is rarely objective and often irrational, and the EU is accused of costing a lot of money. But who carries the figures in his head? Who knows that we devote less than 1.27% of our wealth to the European Union, including the common agricultural policy and the Structural Funds? The current order of magnitude is nearer 1.09%.

In the debate that has got under way and is to last until 2004, I observe two approaches: some are more interested in issues of substance, others are more interested in the institutions.

I see no contradiction between the two approaches. I share the concerns expressed on both sides.

As I began by saying, the Union can build itself up by revealing its objectives, by revealing that it is a political venture. So we must begin by getting together and discussing what we want to do, as Lionel Jospin suggested yesterday. If we have no common project and no common policies, we will not have a strong Europe.

But after that, once we have defined the substance, we must very quickly move on to draw the consequences of our ambitions: without strong and widely respected institutions and without financial resources, Europe will not be a power to be reckoned with. The risk that we must avoid is a consensus on the status quo at a time when the world in general and the Union in particular are changing. That is why Chancellor Schröder is right to propose that we clarify the respective roles of the Commission and the Council.

Nor must we ever forget that there can be no democracy without clarification of the roles of the different institutions or the active involvement of national and lower levels in European integration. Without citizens who feel politically concerned at all three levels local, national and European popular support will not be extensive.

My plan is to work to bring these two approaches closer together. That is the spirit in which we should pursue the discussion in preparation for 2004, and in which I now propose to answer your questions.