

The State of the Union

1. It would be facile to claim that the EU is currently in the pink of health. It would be equally misleading however to suggest that it is in a profound crisis. Its progress may not appear dramatic, but it is real.
 - An enlarged EU of 25 is undoubtedly more difficult to manage than EU 15 was. Enlargement has not however gummed up the EU machinery as many claimed that it would. On the contrary, most of the new members- like most of the old ones- play the game vigorously and effectively for most of the time and the political and economic benefits of the process have been considerable.
 - Economic reform in and beyond the Lisbon process has a long way to go before the EU economy becomes truly dynamic. The low key overhaul of the Lisbon process itself in 2005 was however indicative of a new maturity about the discussion and practice of economic policy coordination, which has already begun to affect the way in which the institutions and member states interact with one another. (Illustration: the changing role of DG Enterprise in the European Commission) The French and German governments' apparent seriousness about bringing their fiscal deficits down suggests that the stability and growth pact too still has utility as a normative, if not disciplinary instrument. And last, but by no means least by way of illustration, the European Council's rapid elevation of energy policy to the top of the EU agenda and the processes that this decision set in train shows that the EU still has the capacity to adopt important new strategic initiatives.
 - A financial framework has been agreed for 2007-2013, there will be a comprehensive review of the EU budget in 2008 and unremarked by those who are disinclined to look, the reform of the CAP, which began twenty years ago, proceeds according to its own distinctive logic.
 - Despite the continuing reluctance of some member states to open their labour markets to citizens of EU-10 and long and not always transparent delays in establishing the Schengen Information System, the movement of workers, students and citizens within the enlarged Union has increased, is increasing and will increase.
 - The EU is not a super power in the sense that the United States is, and divisions over the implementation of its common foreign and

security policy can and do make nonsense of its formal consensus on the fundamental objectives of a European Security Strategy. The EU is nevertheless a global actor in a sense that it has never been in any earlier phase of its history and the responsibilities that it has assumed in Lebanon, Iran and elsewhere are significant in themselves and encouraging pointers for the future.

- The negative votes on the referendum in France and the Netherlands notwithstanding, almost two thirds of the member states have ratified the treaty. Still more to the point most of the indicators of voters' sentiments, in the most recent Eurbarometer (65) suggest that with a few obvious exceptions confidence and satisfaction levels are high. 83% of EU 15 citizens are 'satisfied with the life they lead'. In the case of EU 10, the figure is 70%, but even this is higher than it used to be. Unemployment remains the biggest anxiety (46% in EU 15 and 63% in the NMS), way ahead of crime- average 24% -and immigration (14%). As far as the EU itself is concerned, however, more people (average 62%) now believe that membership is a positive. There is in addition nothing to suggest that citizens' trust in the EU institutions, which polls suggest far exceeds their confidence in their national institutions, and more particularly their national political parties, has waned significantly.

These are of course generalisations based on broad brush questions to a wide range of people. When they are broken down, they can and do reveal huge differences. 87% of the Irish for example think that they have done well out of the EU- as well they might- compared with only 39% in Austria and 40% in Cyprus. The results- and more particularly the trends- are however positive.

- Last and very far from least, the international community, including both the UN and the great powers, increasingly regard the EU as their indispensable European partner in the management of the emerging multipolar system. The anachronistic structure of the UN Security Council and other institutions rooted in the post 1945 world order still affords France in particular an opportunity to play a global role as a European counterweight to the United States, but as the French government has usually acknowledged, France's role makes little sense unless it is, and is perceived to be, firmly supported by (most of) the rest of Europe, and more particularly by Germany.

This catalogue of good news could be extended. Enough has probably been said however to demonstrate that it is simply not true, as Anglo-Saxon commentators and frustrated continental federalists are inclined for very different reasons to suggest, that the integration process is slowing down or that the EU is destined to assume a more modest role within and beyond Europe than the authors of successive treaties envisaged. The policy agenda has grown and is growing: the impact of the integration process on the politics, society and economy of the member states is more extensive than ever and the list of states which would like to join or which shape their policies on the assumption that they are in the EU's magnetic field is very long indeed.

2. All this does not mean that everything is for the best in the best of all possible worlds. Misplaced gloom is however as much an obstacle to sensible strategy as facile optimism. As my subsequent remarks will show, I profoundly disagree with the thesis that all that the EU has to do is to demonstrate its relevance through practical deeds and that the search for elusive answers to profound questions about the constitution should be left to those like Andrew Duff who like that kind of thing. I nevertheless regard the Commission's 10 May paper, which got very close to saying that, as a welcome and timely contribution to the post-referendum debate.
3. There is clearly a great deal that is wrong in the present Union which a new constitutional treaty or even treaty revision on a more modest scale will not alter. Neither a new treaty, nor a constitution will for example rid the European Council of some of its more obvious lame ducks- or still more to the point guarantee that their successors will do any better. The malaise that still hangs over the French, German and Italian economies- and at the same time saps the health of the eurozone as a whole- is primarily a matter for the member state governments themselves to resolve. And no amount of constitutional talk in Brussels will overcome the deep seated resistance of many member states to spend more and better on adapting their armed forces to the needs of the age. At the level of the EU institutions themselves, the discussion of budget reform which is scheduled to take place in 2008 does not require any prior changes in the treaty. Nor does the ambitious programme of simplification and improvement of legislation to which the Commission and Council are now deeply committed.
4. A strategy based on practical achievements, using the instruments that the EU already possesses, is nevertheless a partial rather than a sufficient prescription, based on an incomplete diagnosis of the present state of the Union.

In saying this, I should hasten to add, I intend much more than Jan Peter Balkenende did, when he observed at the last European Council that the

treaty of Nice simply won't do. Treaty revision which falls short of the readoption of the constitutional treaty is however the first essential step beyond mere pragmatism. Enlargement has not gummed up the works. The works are nevertheless gummed up in a variety of ways which only treaty changes can repair.

To take only a few examples:

- The incipient breakdown of the EU's system of collective leadership.

For the last thirty years, the leadership of the European Union has been exercised collectively through the European Council, which, bringing together as it does the heads of state and government and the President of the Commission symbolises the dual character of the EU as a union of states and citizens. There is neither time nor need to recite the European Council's achievements. It is however an impressive record. As Jacques Delors once famously remarked: the European Council's Conclusions are in many respects on a par with the articles of the Treaty to which those working in the institutions can appeal to justify what they propose or do. As a result, what the Conclusions have said should happen usually has happened, to the consternation of those like Mrs Thatcher, who never treated them with the seriousness that they merited, and the surprise of the media and the markets, who continued and indeed continue to equate them with the inconsequential communiqués of the G8 and other, such like 'summits'.

This European Council centred system of government is by no means dead. It has however been seriously compromised during the past ten years. There are many explanations, including the explosion of the EU agenda, large chunks of which the heads of state and government no longer have the time to deal with effectively, and the transformation of a club, which originally numbered 9+1, into a mini assembly of 25+1. As a result 95% of the Council's business is now dealt with by Coreper and GAERC and key questions which only the *chefs* can settle, such as Turkey's accession, the financial perspectives or the constitutional treaty tend to be handled by the Presidency and ad hoc groups, whose membership may be rational in power-political terms, but which are not necessarily legitimate in a Union in which large state-small state relations have become increasingly problematic

- The glaring inadequacies of the six month Presidency. For many reasons, some obvious, some less so, the EU is increasingly a Presidency driven organization. Remarkably enough, most

presidencies during the past ten years have performed rather well, and some, like the Finns in 1999, the Spaniards and the Danes in 2002, the Irish in 2004 and the Luxembourgers in 2005 have done exceptionally well. The system is however essentially and unacceptably fragile. The constitutional treaty provided some ideas about how it could be improved. The appointment of a fulltime president of the European Council will only help however if it is accompanied by measures to reform the system as a whole, including the establishment of team presidencies on a much more ambitious scale than the first, very tentative experiment that will begin in 2007.

- The manifest need for qualified majority voting in certain areas where unanimity is still the rule. Several of the most obvious examples are to be found in Justice and Home Affairs, where, as the recent meeting in Tampere confirmed, the Germans and others still resist reform.
- The unresolved questions surrounding the composition of the Commission. Angela Merkel has put down her marker. A Commission which does not have a representative of each of the large member states is basically unthinkable. Finding a compromise which also satisfies the legitimate concerns of the smaller member states will however require the wisdom of Solomon.

One could go on. Enough should however have been said to confirm that a revision of the treaty of Nice is indispensable.

5. What emerges should furthermore be much more than a 'mini' treaty- as Nicolas Sarkozy's own description of what the next IGC's agenda demonstrated. Sarkozy was surely right however to differentiate between this, crucial but nevertheless limited exercise and the revival of the constitutional treaty or something like it. Given the present state of the Union, there is little or no prospect of EU 27 being able to readopt let alone renegotiate the constitutional treaty in time for it to come into force by 2009. The EU will nevertheless require most if not all the institutional changes that Sarkozy lists before 2009.
6. Even a business like IGC resulting in an ambitious 'mini treaty' will not however suffice for long. Those of us who believe that a constitution or something like it is still needed will however have to acknowledge at least two facts of post 2005 life in the Union. The first is that, although the present treaty should clearly be seen as a point of reference, and might even be accepted as a basis for future negotiations, it is virtually

impossible to believe that an agreed outcome can be achieved without a significant renegotiation. The second is that if the constitutional process is to be revived, those who support this cause will have to deploy much more sophisticated arguments than are currently on offer.

7. There is alas no time to develop this second point. I would however refer you to an essay by Andrew Moravcsik, entitled 'What can we learn from the collapse of the European constitutional project?', which *Notre Europe* is currently using on its website as a means of provoking debate. As so often with Moravcsik, the argument is lopsided and exaggerated. He nevertheless manages to throw a huge bucket of cold water on the plea that a constitutional treaty is needed because it will reconnect the Union with the citizen.

There is simply no empirical reason to believe that opportunities to participate (through greater democracy) generate greater participation and deliberation, or that participation and deliberation generate political legitimacy.

To take only one, very obvious, but nonetheless striking example. The impressive (and welcome) advances that the European Parliament has made in every IGC since 1985, have been accompanied by a steady fall in the number of citizens exercising their right to vote in European parliamentary elections.

8. Like Angela Merkel, in her remarkable speech on 9 May, 'Ich bin der festen Überzeugung das Europa sich eine Verfasstheit geben muss'. The principal reasons for which it is necessary, however, have less to do with the alleged alienation of citizens from the Union than with the failure of the Union to consolidate the allegiance of large swathes of the Union's political class.

Those whose European careers flourished or were formed during the first two decades after 1950 tended to portray the battle for the soul of the Union as a struggle between partisans of a free trade area and a political Union. This is however an anachronistic diagnosis of the present problems of the Union. The single market, whose virtues most serious critics of the Union seriously extol, is much more than a free trade area. As John Major's government acknowledged in an internal review of the UK's negotiating stance before the 1996 IGC, the British, who felt unhappy with a great deal of the post-Maastricht dispensation, had nothing to gain from a weakening of the European Commission, which more often than not pursues and upholds liberalising goals.

The most serious cleavages in Europe's contemporary political class are to be found elsewhere: in disagreements over the importance that is or

ought to be attached to the notion of solidarity, in divergent perceptions of a distinctive European interest in global politics and more particularly in transatlantic relations, and above all in widespread, albeit variously motivated unwillingness to face up to what the Union is and what it is not.

Each of these points merits extended discussion. Let me finish however with a few observations about the last. What is most striking about the contemporary debate about the Union- fifty years after it was founded- is just how little it has to do with the actual Union. The British case is needless to say in a league of its own, but the problem is also apparent elsewhere, not least in Germany, where the tendency to fit the Union into categories rooted in Germany's own political culture is seemingly as strong now, as it was thirty years ago and inhibits fresh thinking about what can or should be done at EU level. The media do not help. It would however be totally misleading to blame everything on journalists. The real responsibility lies with the reluctance of Europe's political leaders, in opposition as well as in government to accept the consequences of their ownership of the Union. It is in other words they who need the constitution and not the citizens, whose problems with the Union, whether expressed in complaints to the ombudsman or in more general terms, are more often than not provoked by or linked with the shortcomings of their national leaders.

Time and the steady advance of the integration process, the logic of a multipolar world and 'events' will doubtless continue to act as the principal catalysts of Europe's ever closer union. A constitutional treaty- or something like it - would nevertheless be of considerable assistance.

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