

**European integration: what is at stake now
(for British, Greeks and others)?**

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More than fifty years after it all began, regional integration in Europe has developed into a complex system, with no precedent in history and no rival in other parts of the contemporary world; a peaceful revolution for which Europeans have every reason to be proud.

What is European integration all about? First and foremost, it can be seen as a highly developed system for the joint management of interdependence. This interdependence started with trade and steadily extended into many other manifestations of cross-border interaction and exchange in a crowded continent with a long and turbulent history, relatively scarce natural resources, and a wide diversity of cultures, political traditions, and economic systems. Nowadays, the welfare of European citizens is intimately linked with this system of regional interdependence, and so more generally is their quality of life to the extent that it too depends on the freedom to travel, study, or work anywhere inside the Union, and to the extent that it depends on access to a wide variety of goods and services and greater security, among other things.

Many aspects of the everyday life of European citizens now depend on decisions taken beyond their national borders, albeit with the participation of their representatives. A key characteristic of European integration has been the attempt to combine liberalization of markets and the elimination of national barriers in general with the establishment of common rules and institutions—a new level of governance, in contemporary parlance. This is, after all, only proper for countries where individualism has been long tamed by considerations of the public good and where government is not necessarily a dirty word; it may also have something to do with Europe being old and crowded.

Regional integration has served as an instrument of economic development, a catalyst for modernization, and in many ways a kind of convergence machine for the benefit of the less developed countries of the European continent. This has reduced the geographical, as well the political and cultural, distance between the core and the periphery. And economic development, coupled with modernization, is still helping to strengthen the new democratic institutions in countries emerging from long periods of authoritarian and totalitarian rule. They all constitute integral parts of what is generally referred to as the process of Europeanization.

European integration started as a way of laying the foundations of Franco-German reconciliation, hence an instrument for peace and security in the old ‘Carolingian core’ of Europe. It was functionalism at its best and at its most ambitious. Yet the main instruments of war remain beyond the control of regional European institutions. Most national governments continue to opt for defence cooperation within the Atlantic alliance, or bilaterally with the United States, rather than the EU.

Common European policies and common institutions have also served as means of projecting collective power and influence in international affairs. This has certainly been true of trade. Europeans have learned from experience that acting together was the only way of having a real impact in multilateral negotiations. However, not all have yet drawn the conclusion that the lessons learnt from external trade can be easily applied to other areas of policy, even less so as they move along the spectrum from so-called low to high politics. Thus, the shift from economic to political power has proved extremely difficult. Relations with the superpower across the Atlantic have usually acted as a dividing factor.

The institutional framework of the EU, though highly advanced—indeed unique—by international standards, still preserves a central role for participating nation-states and their representatives. Nation-states have not withered away—and they are unlikely to do so in the foreseeable future. On the contrary, they have been strengthened in many respects through the process of regional integration. For some, at least, the threat of internal fragmentation looks much more real than the prospect of being dissolved in some kind of European soup. The symbiotic character of regional integration and the nation-states participating in it may sound contradictory only to those who still approach sovereignty as something absolute that you have or you do not have – like virginity, I suppose.

On the other hand, in this rapidly evolving European system there has been no dominant power imposing its wishes on the others. The lack of a hegemon, remarkable in itself, does not, of course, mean that some countries have not been more equal than others in the influence they have exerted on policy outcomes. It could not have happened otherwise, given the huge differences among participating states in terms of size, economic might, and institutional capacity.

Europe has turned into a lucrative business for policy-makers, lobbyists, and the growing number of those benefiting from handouts from European institutions. They are a minority to be reckoned with; yet by necessity only a minority. In the meantime, the European system has become increasingly unappealing to the wider public. Decisions are perceived as taken far away from those directly affected and behind closed doors, mostly by faceless technocrats, with little transparency and even less accountability. It surely does not help that the issues are usually presented in the politically sterilized language of the Brussels bureaucracy. What started as an elitist project par excellence has in the process become also heavily bureaucratic. And the democratic deficit has grown wider as new items have been added to the European agenda.

This deficit is real, and it is very much reflected in the lack of Europe-wide debates on issues that have long ceased to be the exclusive prerogative of nation-states. The result has been a widening gap between perception and reality in national politics, while there is still precious little European democratic politics to talk about—and no shortage of European policy. Thus, in an indirect way, European integration has reduced democratic choice for citizens while also strengthening the managerial dimension of politics in Europe. The ‘Golden Straightjacket’ may be sometimes good for economic efficiency. But in the long term it is certainly bad for democracy and politics, and hence unstable and potentially dangerous, especially if there were a significant number of losers hiding behind the general concept of efficiency. We could be approaching such a point in Europe today.

At the turn of the century, this Union replaced twelve old national currencies with the euro, soon afterwards it opened its doors to ten new members and negotiated yet another revision of the treaties, now called a constitution. It is not a bad record by any standards. True, there have been many delays, half measures, and inadequate preparations. But are they not all characteristic of human societies, including most notably democratic political systems of a large size, with federal or confederal structures? And yet, Europe is now going through a phase of self-doubt and pessimism about the future. Is the old continent in interminable decline? Has the European project reached its limits – or, perhaps worse, are we already in reverse gear?

Going back to the fundamentals may help to provide some of the answers. European integration started basically as an economic affair, though with strong political undertones. Economics remains today the backbone of it all. For many years, integration helped to sustain a succession of virtuous circles, which helped strongly growing national economies while also bolstering the essentially permissive consensus of European citizens about further integration. Love of Europe has always had a strong pecuniary dimension, and it has depended on the ability of European and national institutions to deliver the goods. It was very good as long as it lasted. The performance of most West European economies has been disappointing for some time; it has, in fact, progressively deteriorated over a period of twenty years. A stagnating economy with relatively few jobs and an ageing population is a recipe for disaster, not only for Europe's generous welfare systems but also for the European project more generally.

The introduction of the euro has undoubtedly been the biggest step in integration since the first Treaty of Rome. Currencies are not self-managed. The institutional structure provided for in the Maastricht Treaty is inadequate, but it is all that was politically feasible at the time. Furthermore, it is not just a question of legal provisions. There is also an institutional wisdom that comes with time and experience. Using the same currency from Lapland to the Azores is in itself a revolutionary change. Poor management of it will, however, entail significant economic and political costs.

Many tools of economic policy are, of course, still in the hands of national governments. The big challenge for the near future will be whether they succeed, individually and collectively, in reconciling international competitiveness and internal structural reforms with the kind of politically stable and compassionate society that Western Europeans created in the aftermath of the Second World War. The American model has surely useful lessons for Europe, but it is hardly the kind of model that our societies will be ready to buy as a package.

We need more growth and more jobs, especially at the upper end of the knowledge scale – Europe is losing thousands of post-doctoral researchers to America every year and most of them never come back. And we need to adjust our policies in order to meet those goals. But we also need to handle with great care the problem of losers in times of rapid change and growing uncertainty. They are precisely the ones that turn towards the

two extremes of the political spectrum, and also the ones who are afraid of European integration as a vehicle of change. For political reasons, if nothing else, the EU should be perceived as doing more for those who have difficulties in adjusting to a more competitive and rapidly changing environment. And this is a problem within countries rather than between countries.

There is, of course, a link between structural reforms and macroeconomic policy. The EU provides at best a framework for the former; with EMU, it should have a decisive role with respect to the latter. Structural reforms help growth, but they are also easier to introduce in a favourable macroeconomic environment. There are lessons to be learned from the virtuous circles of the past, but there is still no point in pretending that the going will be easy. European countries face a difficult task of internal reform as those with more secure jobs and/or accumulated generous pension rights – they usually represent the majority – continue to resist change. Some countries will be more successful than others. There is both competition and solidarity in the European system. What happens in Germany will be, however, of great importance for everybody else. This has to do with the central position of the German economy in the regional system.

European integration has helped to consolidate democracy, while also contributing to the stabilization and modernization of the periphery. The biggest ever enlargement has already happened. We can safely predict that at best it will take the Union considerable time and effort to digest the effects; and it will not be cheap. After all, the latest enlargement involves taking in mostly young states with weak economic structures and deep scars from long periods of totalitarian rule, followed by incomplete transitions that had highly unequal effects on different strata of society.

There are many more candidates in the queue waiting to join. However, further enlargement presents even more problems for the EU than the latest one: the Balkans, Turkey and, further down the road, the Ukraine, the Caucasus, and – who knows? – Russia, even Israel and Palestine. Having already helped to establish the conditions for a peaceful and prosperous centre, the new mission of the Union may indeed be to export democracy, stability and modernity to the periphery. Empires have often tried to do the same in the past, although using much more unpleasant means. This was not the

original intention, but of course Europe has changed a great deal in the last fifty years and more.

The fundamental question, however, remains: is the Union willing and able to pursue this new mission to its logical conclusion? And if not, where will it stop? There is so much diversity, political, economic and cultural, that the European system, or any other political system, can take before it implodes. The strains are already more than obvious. A loose association at best of thirty or more states does not square at all with EMU and the kind of management of interdependence characteristic of European integration until now, not to mention the political ambitions that have always been an integral part of the integration project. There is therefore a big trade-off that Europeans cannot escape from, and the choice will not be easy.

The EU has developed mainly into a civilian and regional power. Its most powerful weapon in relation to neighbouring countries is the prospect of membership of the Union, although this weapon risks turning into a boomerang with successive rounds of enlargement. Trying to do more, especially in situations of armed conflict, has often caused much frustration and no less humiliation. Soft power may be indeed the comparative advantage of the Europeans, although in a world of many failed states, major regional conflicts and the rising threat of international terrorism, often linked to religious fundamentalism, soft power on its own is not enough.

Most Europeans have shown little appetite to undertake, or even share with the Americans, the role of the world's policeman. But staying on the side does not spare them of awkward choices: how to act, for example, if the superpower is perceived, rightly or wrongly, as further destabilizing the world through its actions? At the time of writing, the gap between how official America viewed the world and how the rest of the world, including the large majority of Europeans, viewed America was greater than ever before.

A serious rift in transatlantic relations, if confirmed, would, of course, have major consequences for Europe's fledgling foreign policy, but also for European integration in general. Relations with the superpower remain a crucial variable in the formation of Europe's new political landscape. In the age of American supremacy, greater European

unity is bound to have an anti-American element, at least in the sense that a stronger European power would tend to act not only as a counterpart but also sometimes as a counterweight to the United States. Those who abhor the idea of a multipolar world would therefore tend to equate the emergence of a European pole with anti-Americanism; luckily for them, they are likely to have to wait longer for such a development. The majority of European citizens, however, seem more willing nowadays to move in this direction than some of their political leaders.

It remains to be seen whether President Bush, in his second term of office, begins to look for allies rather than followers. And the crucial test will most probably be in the wider Middle East region. From their side, the Europeans will need to show greater unity, determination and muscle, when necessary, if they want to be taken seriously.

The elitist character of European integration has been rapidly reaching its limits. Although political leadership may continue to play an important role, especially on the big issues, the European project needs to become more democratic and hence more explicitly political. It also needs a new vision that is more meaningful to the younger generations of Europeans.

The old European project is still valid: peace, security, and prosperity through open borders and shared sovereignty, coupled with the defence of basic common values. But there are also key democratic choices to be made about trade-offs between efficiency, equity, and stability; productivity and a cleaner environment; integration and diversity; rule by experts and elected representatives in the management of the internal market and the single currency; the degree and kind of solidarity across boundaries; the geographical limits of Europe's fledgling common identity; the export of peace and stability to the near abroad and beyond; and the defence of common values and interests in a world where the ascendancy of markets and the highly unequal distribution of political power increasingly challenge those features that still make Europe distinct from other regions of the world.

Europeans will surely not agree among themselves on the choices they make on these and many other issues. This is, after all, the essence of democracy. But they need to become more aware of those issues and the choices they imply. They need a European

public space in which to debate what they want to do together and how. Choices will become starker in a more political Europe. We have long pretended that inter-country divisions were the only ones that really counted and that the choice was essentially between more or less Europe. It is time to move on, building on a politically mature Europe. ‘What kind of Europe?’ now becomes the key question. And the answer will not only depend on whether we are British or Greek, German or Portuguese. It will (should?) also depend on whether we are on the left or the right of the political spectrum – left of centre or right of centre, if you prefer – third way or any other way.

Last but not least, a quick comment on the new ‘Treaty establishing a Constitution for Europe’, itself a typical compromise. It is surely more like a treaty than a constitution, as most people understand those two terms; the third treaty revision after Maastricht, without a doubt more important than the two previous ones, although in substance less radical than Maastricht. Nothing in the Constitutional Treaty compares with the political and economic consequences of a monetary union.

The Constitutional Treaty does not promise radical change; it follows, instead, the tradition of incremental steps. Being the result of laborious deliberations and negotiations, it reflects a compromise among diverse interests and views of the Union, a compromise which has not been, however, brought down to the lowest common denominator. It is imperfect in many ways, but it does represent what was politically feasible at the time. This is after all how the process of European integration has moved all along. Consensus and compromise remain the key words.

The Constitutional Treaty reiterates key common values. It sets objectives and, most important of all, it provides the institutional framework for a stronger, more efficient and also more democratic Union. What member governments, political parties and citizens will make of it in the future still remains unknown. The Constitutional Treaty cannot deliver concrete decisions and policies. This is the stuff of everyday politics. For example, having a Union Minister of Foreign Affairs may, indeed, make a difference in the future, but it will not automatically produce a common foreign policy. The latter will continue to depend on the collective political will as well as the convergence of views of member states.

The process of ratification of the Constitutional Treaty provides another opportunity for generating a wider public debate on the future of Europe, which should go beyond institutional details to the fundamentals of European integration. Do we want an efficient and democratic Union as a framework within which European states and peoples work together and share some of the functions of modern government? And if so, to do what? Those who do not like the idea of sharing, or perhaps would prefer different partners, will vote against. And this should be the bottom line. It may sound too simple, but this is arguably the crucial choice to be made when national parliaments and citizens will be deciding on the Constitutional Treaty. And this should only be the beginning of a European public debate on a wider range of issues, a debate which is long overdue.