Institut d'Etudes Européennes
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Luxembourg Institute for European
and International Studies

EXECUTIVE SUMMARY

Conference

Possible Political Structures for the European Union

2-3 December 2006
Kochhaus, Schengen (Luxembourg)

Introduction

The Luxembourg Institute for European and International Studies (LIEIS) held a conference on "Possible political structures for the European Union" on 2 and 3 December 2006 at the Kochhaus in Schengen, Luxembourg. This meeting is part of a project which has been jointly conceived by Robert Mundell, Professor of Economics at Columbia University and Nobel Laureate of 1999, and Armand Clesse, Director of the LIEIS.

The idea is to have a series of meetings that bring together some of the most eminent scholars to discuss alternative political models for the EU. The ambition is to make a decisive contribution to the ongoing debate on the future of the European integration and enlargement process and to launch an initiative aimed at policy- and decision-makers. The second meeting will take place on 1-3 June 2007 in Santa Colomba, near Siena. A third conference is planned in Greece or in Luxembourg in the autumn 2007.

The purpose of the first conference was to provide a fresh engagement with the EU's current predicament and to lay a new conceptual foundation for alternative reflections and proposals. In the course of six sessions, about 20 participants from Western and Central Europe as well as the USA and Canada debated three topics: the fundamental challenges facing the EU; the possible finalities of the European integration and enlargement process; the ways or means of achieving them (cf. conference programme and list of participants in Appendix).

21 rue Philippe II - L-2340 Luxembourg
Tel. (00352) 466580 - Fax (00352) 466579
e-mail: armand.clesse@ieis.lu - URL: http://www.ieis.lu

The meeting had five specific objectives:

First, to go beyond recent and current reflections at the official level, including the work of the Convention, and to break new ground by questioning the established foundations and the purported aims of the EU.

Secondly, to have a conceptual brainstorming and to recast the current debate on the future of the Union by raising fundamental questions about the whole undertaking, thereby overcoming the narrow focus on institutional reforms and to probe the EU's entire political and socio-economic architecture.

Thirdly, to generate ideas that can serve as a constructive input to the forthcoming German Presidency of the Council and the ICG that will be launched.

Fourthly, to formulate some concrete proposals about a new political and economic 'dispensation' that will be submitted to analysts and decision-makers for further scrutiny, corroboration or falsification.

Finally, to sketch the contours of two further meetings, in Santa Colomba (1-3 June 2007) and in Athens or in Luxembourg (possibly on 28-30 September 2007), which will refine the preliminary ideas and draw up a major initiative to shape the future of the EU.

I. The Fundamental Challenges Facing the EU

A. The EU's current predicament

Sessions one and two focused on the first conference topic: the fundamental challenges facing the EU. The discussions did not simply produce a list of challenges which the EU could or should confront. Instead, the participants began by debating the nature of the EU's current predicament. Ever since the French and Dutch No in the referendum on the Constitutional Treaty in May and June 2005, there has been widespread talk of a crisis. Amongst the participants, there was disagreement about whether the present crisis is unprecedented and could undermine the entire undertaking or whether it resembles the state of the European Economic Community (EEC) at the beginning of the 1980s, which ultimately led to the Single Act and the establishment of the European Community (EC) and subsequently to the Maastricht Treaty and the creation of the EU – two milestones in the integration process.

More fundamentally, the discussions featured a distinction between a crisis of diminished ambition and a crisis of self-belief. Put differently, has the EU abandoned core missions like democratisation and the transmission of values? Or does it doubt its own ability to make the necessary sacrifice in order to preserve and extend its achievements? Those amongst the participants who subscribed to the thesis of diminished ambition argued that the European project has always been more than the product of a functionalist process centred upon economic and commercial cooperation. The EEC and later the EC had a civilising mission, which changed the behaviour of France, Germany, the Benelux and Italy, and then that of Britain, Ireland and Greece, followed by Spain and Portugal. That mission was to transmit the values of liberal democracy, social market economy and the peaceful coexistence of nations by pooling sovereignty. The current difficulties may delay a number of policies but the crisis does not inevitably lead to the abandonment of this core civilising mission.

By contrast, those who endorsed the thesis of a crisis of self-belief contended that the mark of the EU is the unwillingness and inability to make sacrifices. Even though the EU demands extraordinary sacrifices from candidate countries, most recently the Central and Eastern European countries and at present Turkey, the existing member-states are not prepared to make any sacrifices themselves to facilitate accession. One such sacrifice would be to agree and implement wide-ranging institutional reforms. This however requires vision and leadership and thus the sacrifice of national interests in favour of the Union as a whole.

Two further questions were raised. First, has the EU fallen short of the expectations which it itself has raised or is it the victim of its own success? In other words, has the Union failed to make good on its promises? Or is it facing the unintended consequences of an unparalleled process of deepening and widening? Some argued that integration and enlargement tend to be incompatible and that Delors' model cannot survive in an enlarged Union; in that sense, the current crisis may be not unlike that of the Roman Empire which expanded beyond its capacities and was ultimately brought down by the barbarians who sought to join.

Secondly, are we not seeing the following paradox? On the one hand, the EU is becoming ever-more encompassing and intrusive, concerned with all sorts of minutiae such as the regulation of product shapes and sizes. On the other hand, the Union is becoming less and less relevant in terms of the real societal challenges such as inequality, poverty, unemployment, nationalism, racism and xenophobia. If this is an accurate depiction, then what we may be experiencing is the rise of an ever-more expanding colossus which is increasingly incapable of solving the most pressing problems.

B. Three rival hierarchies of fundamental challenges

Having debated the nature of the current predicament, the discussion on the fundamental challenges facing the EU turned to a series of conceptual distinctions: internal and external challenges, national and European-wide challenges, primary and secondary challenges. A number of questions were raised: are challenges identical at the EU and the national level and across all the member-states? Do challenges for the member-states necessarily affect the EU? How far may changes or reforms at the EU level have a positive effect on national societies (e.g. demography, welfare system)?

There was overwhelming agreement amongst the participants that all the fundamental challenges are interconnected and that the various levels (local, regional, national and European) relate to one another in complex ways. As such, it is conceptually and empirically meaningless to draw up a list of individual challenges and to discuss each in isolation from the rest. Nor does it make much sense to regroup individual challenges in terms of areas or fields such as politics, society, the law and culture. Instead, it is more instructive to posit a hierarchy of challenges and also to envisage a concomitant hierarchy of ways or means of meeting them. In the course of the debate, three rival hierarchies of fundamental challenges emerged.

According to the first hierarchy, the most fundamental challenge facing the EU is globalisation, followed by security and the joint problem of immigration and demography. This is because globalisation raises the prospect of a relative and perhaps also an absolute decline of the European economy in the face of increasingly tough competition from both

India and China. This process not only threatens the existence of the welfare state and the EU's social and societal model(s). It also raises the question of Europe's very survival. In addition to the need to make economic adjustments, the EU faces a number of security threats, ranging from climate change and environmental degradation via nuclear proliferation to illegal immigration. In turn, immigration highlights the demographic time bomb, in particular ageing populations and the increase in childless societies. Failure to cope with the pressures resulting from globalisation and the ensuing imperative to implement structural reforms might yet jeopardise the entire European project.

The second hierarchy identifies economic transformation as the most important challenge, including the transition from a planned to a market economy and the necessary redistribution across the whole Union of the ownership of means of production, such that inequality and poverty be minimised and prosperity extended to all sectors of society. The aim is – or ought to be – the creation of a material basis for re-engaging national public opinion and the national political classes. Without such a material basis, institutional reforms or political changes lack the potency to improve the fundamentals upon which the European integration and enlargement process rests.

According to the third hierarchy, the single most important challenge is that of demography and immigration. Immigration from Eastern to Western Europe will not solve the demographic crisis because Eastern Europeans are already having fewer children than at the beginning of the transition from Communism to Capitalism. So childlessness seems to be a pan-European challenge. Moreover, unlike Americans, the Europeans are not worried about work habits but about immigrants signing up to the social contract. The difference is between the 'ethnic' and the 'ethical' stranger. The former pose a problem to America insofar as they do not embrace the dominant work ethic. By contrast, the latter, if they do not buy into the social contract, become what Jean-Jacques Rousseau described as "foreigners amongst citizens". The EU has doubts about whether illegal and legal migrants will fit into the dominant societal model and whether they can be assimilated.

These doubts are caused by the crisis of self-belief and in turn fuel the argument against Turkey's admission, as Brussels keeps on changing the rules and makes it increasingly impossible for Ankara to prepare accession. In response, an unprecedented alliance is forming between the secular and the religious elite who are distancing themselves from Europe and are turning towards Russia and perhaps also Iran. More fundamentally, the geopolitical decline of both the EU and NATO might confirm Jürgen Habermas' thesis of a divided West – the decreasing purchasing power of the West in terms of global governance and the models Western countries would like to export.

Finally, immigration may have great economic benefits for the middle and the upper class by importing cheap skilled labour and reinforcing a race to the bottom in terms of social standards. But there are substantial costs to the poor, especially job security and education. The ensuing conflicts will not be national or ethnic conflicts but social conflicts – intra-European social conflicts partly resulting from global and external pressures. What we may be seeing is a pan-European social war.

These three rival hierarchies gave rise to a lively discussion. The questions which they raised served a propaedeutic or preparatory function, in the sense that they helped to prepare the

ground for a coherent and meaningful reflection on a variety of fundamental challenges. For the sake of presentational clarity, it is useful to distinguish them according to external and internal challenges.

C. External and internal challenges

The external challenges include relations with the USA, Russia and Turkey, as well as the impact of globalisation. The participants disagreed about the relative importance of the EU's ties with the USA and NATO on the one hand, and the relations with Russia and Turkey, on the other hand. Some argued that the former is a matter of utmost geopolitical importance because the EU could not exist without the transatlantic alliance. NATO was described as being indispensable both geopolitically and economically because it defends Europe from convention and nuclear threats and also serves as a security blanket for the successful functioning of the Euro.

Moreover, EU-USA cooperation was seen by some as being mutually beneficial, as it provides not only checks and balances and thus limits America's absolute power but also gives Europe military and political credibility on the international stage. This is because the US system does not have sufficient limits and such restrictions can only come from an external source – the EU. Likewise, the EU requires the USA and NATO to play a geopolitical role beyond its borders. If unilateralism has indeed failed and unipolarity has been replaced by a multipolar plural world, then only a balance of power and a cooperative system can secure universal peace and prosperity.

Others contended that the uncritical alliance with the USA prevents closer ties with Russia and Turkey which are of vital importance in order to stabilise the wider Europe and the Middle East. There was however a large consensus that for the foreseeable future the EU will not have an autonomous, let alone independent foreign, security or defence policy. As such, the EU cannot claim to be a genuine 'security community' (Karl Deutsch) or aspire to be a real global strategic actor.

On globalisation, the various arguments which were put forward tended to converge around the idea that in its present configuration the EU is ill-equipped to withstand the onslaught of global competition and to use the global economic opportunities to its advantage. Some participants argued that the rigidity and inertia of the EU's socio-economic system slow down or rule out any significant adjustment. Moreover, the Union will not achieve the central objective of the Lisbon Agenda of March 2000 to transform Europe into "the most competitive and dynamic knowledge-driven economy by 2010". Recent reforms of the Lisbon Agenda have watered down the ambitions and allowed for significant delays in the implementation of structural reforms.

Furthermore, both the EU and individual member-states are failing to secure the long-term future by not investing sufficiently in education, science, R&D and skills. At the same time, the short-term living conditions of vast parts of society are worsening – poverty, inequality and homelessness are rising and virtually all member-states are seeing the rise of a new underclass or *Unterschicht*. The mark of Europe is a growing disparity between the very rich and the very poor and a middle class which is struggling to make ends meet.

These questions led to a discussion on the internal challenges which include the relation between the European project and national politics, the scope of the EU, the future of democracy and the question of values and morality.

On the relation between the European project and national politics, it was argued by a number of participants that the gulf between national constituencies and supranational institutions is widening, such that giving more powers to the Community institutions like the European Parliament (EP) may aggravate the problem rather than represent a solution. This argument was reinforced by the observation that the EP is a failure in the sense that it has neither acquired any hold over public opinion nor shaped political discourse. Instead, it has served as a pretext for national political classes to distance themselves from the European project.

Moreover, across the Union there is a growing distance between elites and populations, which reinforces alienation and prevents a much-needed critical engagement between pro-European views and Euro-scepticism – this is a pan-European problem. More generally, the EU is characterised by an increasing tension between socio-economic homogeneity and political and cultural heterogeneity – a seemingly inexorable process of simultaneous convergence and divergence. Thus, the fundamental challenge is to devise ways to reconnect the EU with national public opinion and national political classes.

Regarding the scope of the Union, one argument was in favour of setting absolute limits. This proposal is predicated on the idea that the EU as a self-organisation has its own dynamic that cannot stop but only ever adds to itself – an ever-increasing flow of competencies towards Brussels by way of judicial activism and bureaucratic zeal. Just like the American Bill of Right is a way of putting upper limits on central power within a federal system, so the EU would benefit from similar restrictions on the functions of EU institutions. Far from being a Euro-sceptic position that only reinforces inter-governmentalism, such a limit might in fact set free alternative energies and innovation, thereby outgrowing its own stagnation or sclerosis (Mancur Olson). Thus the EU might once again play the role of beacon of democracy, as a counter-veiling force to other global actors.

On the future of democracy, it was said by several participants that the nature of politics is changing, away from stable and predictable governments based on two main political parties towards instable volatile majorities based on five or more parties. This risks eroding authority and further alienating the citizenry. Populism and xenophobia tend to become part of mainstream ideology and legitimate policies that exacerbate divisions and conflicts within society. Cohesion and solidarity are hollowed out and replaced by an ever fiercer competition for scarce resources. Self-segregation and ghettoisation undermine efforts to integrate minorities.

Ultimately, the social fabric which all vibrant democracies require disintegrates. This raises the important question of whether a *demos* is given or made. Those who maintain that it is given deny that there is anything like a European *demos*. By contrast, those who believe that it is made point to a number of possible strategies aimed at fostering common democratic practices which over time might build a shared European polity. Therefore the challenge for the EU – insofar as it is a political model *sui generis* – is to find ways to blend national *demoi* with a European *demos*, which could be either the sum of its parts or a transcendent new political space.

Concerning the question of values and morality, there was a debate between those who view the EU as a secular project and those who see it at least in part as having religious roots. Moreover, the question is how the EU and its long-standing member-states will address the increasingly fragile liberal consensus. This consensus is being contested and disputed by some of the new member-states, above all Poland, and also candidate countries such as Turkey. Eastern enlargement and negotiations with Turkey have brought religion back onto the agenda, in the sense of the political purchase of religious identities and value systems. Yet the move towards a post-secular Europe was not reflected at all in the Constitutional Treaty. The challenge is thus to integrate religion into the current reflections on the future of Europe.

D. Constraints and impediments to the EU's ability to confront fundamental challenges

Finally, it was also argued by some participants that the EU is hampered by a series of constraints and impediments which prevent any swift and resolute action and reform. The following factors were mentioned:

i. a lack of insight or lucidity on the part of policy-makers
ii. an absence of political will to transform existing structures and embrace new ideas
iii. a strong bureaucratic lethargy
iv. a self-imposing agenda that dictates the terms of thinking and acting in Brussels and the national capitals
v. an ability only to cope with the most immediate concerns and a failure to think long-term
vi. a growing heterogeneity of national interests
vii. an unfavourable international environment

As a result, the EU finds itself in a state of paralysis, and the phenomenon of Euro-fatigue is growing across the entire Union. The question is whether, after a burdensome history of 50 years, the EU can adjust to new socio-economic and political realities and meet the new fundamental challenges which it is facing. Is perhaps the fundamental problem that the EU as a bureaucratic and technocratic organisation stands in inherent tension or possibly contradiction with the member-states as living societies?

II. The Finalities, Purposes or *Teloi* of the EU

Sessions three and four turned to the question of the finalities, purposes or *teloi* of the EU. The debates addressed a series of conceptual problems such as the foundations of Europe, the EU as a beacon of democracy and the question whether EU integration and enlargement is a goal or an open-ended process. Prior to the discussion on specific goals, some preliminary questions were raised:

i. does it make sense to speak of common goals in the light of conflicting interests and divergent sensitivities?

ii. could and should the entire European endeavour be revamped? If so, might we conclude that institutions such as the European Commission are obsolete?

iii. is it conceptually useful to distinguish between a minimalist and a maximalist ambition for the EU? For example, is there a clear choice between either improving the organisational and operational efficiency or giving the whole undertaking a new qualitative dimension?

iv. is integration and an 'ever-closer union' the primary aim of he EU or is enlargement a goal in itself? Are deepening and widening compatible or mutually exclusive objectives?

v. does the EU have to lower its goals as long as it is enlarging and thereby enhancing the centrifugal forces that reinforce the divergence of interests?

vi. have some fundamental goals of the EU fallen into oblivion or been neglected in the last decade or so? Does this constitute a rational and sober assessment or is it an expression of disillusionment and disenchantment?

A. Foundations of Europe

It was argued by several participants that the question of finalities requires a discussion of the fundamental basis of Europe. In order to identify what the *telos* or purpose of Europe is, it is necessary (though by no means sufficient) to establish what its foundations may be. There was broad agreement that geographic and cultural definitions of Europe are inextricably linked. For example, the notion of Central Europe carries strong connotations of transnational cultural ties, as evinced by Claudio Magris' biographical account of the river Danube and Jacques Le Rider's book *Mitteleuropa*. Likewise, the empire of Burgundy was the product of a cultural project which had certain geographical limits. After the end of Communism, the Visegrad countries formed for a time a quasi-political unit, in part modelled on the Benelux countries which were not only founding members but also played a crucial part at key stages in the integration process. These cases highlight the extent to which politics rests on a combination of culture and geography.

However, such and similar notions resonate differently across various countries. Some participants argued that only the concept of the West encompasses the whole of Europe, whereas Western and Central Europe are much narrower entities that tend to exclude other constituent parts. For example, the Baltic States are not part of Central Europe. Others contended that communities are at once inclusive and exclusive, as different countries seek to join alliances and to keep others out. This is illustrated by the case of *Mitteleuropa* which was born in 1915 when Germany became interested in certain parts of Europe in order to extend its sphere of influence. There are thus many different 'Europes' and no single definition can suffice. Likewise, the West as a geo-political entity only came into being in 1941 when the transatlantic alliance was founded.

Moreover, geography and culture alone do not define European-ness. What is also involved in determining which country is part of Europe is to identify who is European. This raises once more the question of the European *demos*. It was argued that in the 1960s both Britons and Turks were excluded from the European *demos*, even though they thought of themselves as European. Paradoxically, only after entry in the EC did the mentality emerge in the UK that

Britons are somehow not Europeans. This contrasts with the late nineteenth century, when the Victorians conceived of themselves as European. The distinction between Britons and continentals was merely a geographical differentiation but did in no way bear any sense of separation or absolute difference. History abounds with examples that underscore Britain's complex and ambiguous relations with Europe: Thomas Carlyle talked about that continental nuisance called bureaucracy. British recalcitrance may go back as far as Edmund Burke and the French Revolution but it certainly became entrenched in the 1820s and 1830s.

Beyond geography and culture, another conceptual question is whether the EU is an ideological, material or philosophical construction. What is it that makes us European? NATO was set up in order to defend Western civilisation. Does the EU have a similar geo-strategic mission? Or is its prime *raison d'être* economic – to produce growth and secure prosperity?

The ambition of the Lisbon Agenda to turn the EU into the world's most competitive economy seems to suggest so. But history reminds us of another Lisbon, that of the 1755 earthquake (famously depicted in Voltaire's book *Candide*). This highlights the human responsibility in natural disasters (construction of unstable houses and the greed that propelled inhabitants to return after the first quake and be killed by the second) and thus draws attention to the downside of blanket progress without any ethical limits or direction. More importantly, unlike America, Europe seems to lack an ideology that can bind together and mobilise its citizens. As yet there is no European equivalent of Americanism.

B. The EU as a beacon of democracy?

Some participants argued that the most fundamental goal of the EU is to promote democracy. However, others contended that the basic problem in setting such and similar goals is that it risks being profoundly undemocratic and illegitimate because it presupposes a functioning democracy. A properly operative democracy is about a contest of rival goals and choices based on majorities. But the EU is governed by compromise and consensus; politics in the EU is a constant, almost desperate attempt to square the circle of satisfying all interests and producing quasi-unanimous agreement. The most likely and most frequent outcome of this way of conducting politics is to reach the lowest common denominator and to avoid big choices. Where in the EU is there a real contest? Who can influence it and how? Can there be a civilised form of quarrelling within the Union? At present, there is not sufficient scope for contestation. If the EU aspires to being a beacon of democracy, does it not need to undergo a process of politicisation? This would necessitate acceptance of divisive decisions and of win-lose outcomes. Indeed, the mark of democracy is a contest of rival ideas and a shared politics based on deep divisions, as evidenced perhaps most clearly by the USA.

This raises the question of the relation between unity and diversity. Two positions emerged. Some participants remarked that the European integration process has *de facto* been closely associated with harmonisation and homogenisation. By contrast, the American federal system has preserved diversity, in terms of fiscal law, the death penalty and other areas of 'high politics'. But this line of argument was disputed: is the American way of securing diversity actually worthy of celebration? Some aspects may be, but others such as the constitutional freedom to impose the death penalty may not. One response to this objection was to say that the USA is a case of limited diversity, constrained by universally shared values such as equal liberty. Moreover, Alexis de Tocqueville made the point that rival vested interests limit

tyrannical power. As for Europe, the risk is that socio-economic convergence will entail a form of harmonisation which will eliminate cultural and political diversity altogether: at best, homogenised societies are boring, at worst, they are oppressive.

On democracy in Europe, it was also said that a distinction must be drawn between the EU's democratic deficit and its crisis of legitimacy. The former is part and parcel of a properly configured liberal democracy because it imposes limits on the operation of the majority principle and thus prevents the rise of elective tyrannies. The latter concerns the lack or absence of any widely accepted or understood framework for public decision-making, e.g. the transfer of competencies or the policy-making process. Indeed, a political system can only be called a genuine democracy if it passes three tests: first, it must be intelligible to society at large; secondly, it must be capable of mobilising its citizenry; thirdly, it must be entertaining and offering a platform for the contest of rival ideas. However, the EU does not seem to fulfil any of these tests. Nor is the EU a unitary actor that can set goals to member-states: the goal 'democracy', if there is such a goal at the EU level, is contested between different public authorities; in the case of the Union, the 'we' is not clearly defined.

C. Is EU integration and enlargement a goal or an open-ended process?

According to some participants, the specific goals of the EU are well-known and firmly established by the exiting treaties and key policies: first, creating an 'ever-closer union'; secondly, transforming the EU into the 'most competitive economy in the world'; thirdly, securing prosperity and guaranteeing access to public goods. However, other participants questioned this interpretation and claimed that the EU is and remains a functionalist project – an open-ended process of cooperation among sovereign nation-states. Yet others said that for the founding fathers, Europe was a political project and not simply a common market. Enlargement has perhaps diluted the Union but there remains a second-best goal – a kind of benign organisation on the European continent which preserves the EU's relevance in a globalised world.
If the integration process is indeed best described as functionalist, then this argument has far-reaching implications for the Constitution. Either the Constitution is misguided as a matter of principle or it was premature. The answer depends on whether the functionalist process that founds and grounds the EU is 'constitutionalising' or not. Most participants thought that the European Court of Justice (ECJ) has certainly interpreted the existing treaties in this way. Various national courts, most of all the German constitutional court (*Bundesverfassungsgericht*), have over the years taken issue with the purported constitutional prerogative of the ECJ.

Three further points were made. First, the British Constitution, which is unwritten, can be considered to be nothing but a process; yet at the same time, it has a number of goals or finalities that give the legislative process a certain shape and direction. Secondly, even if the EU is seen as an open-ended process, fundamental questions about the direction remain unaddressed. The *acquis communautaire* embodies the ambiguity or ambivalence of functionalism in the sense that it is both a process and a goal – an ongoing process of supranationalising a series of competencies and a goal which both member-states and candidate countries are required to attain. Finally, it was asked whether the functionalist approach has some congenial deficiencies and whether it does not take for granted the existence of institutions such as the European Commission which risk becoming obsolete.

More fundamentally, some participants believed that the functionalist method entails a basic incompatibility between deepening and widening. Perhaps it was a cardinal and original mistake to assume that both could be pursued and achieved at the same time. Similarly, it was argued that increasingly specific goals render further enlargement more difficult. Moreover, Turkey's accession would definitely curb integration for a long time. But there was disagreement on this point. Others claimed that integration and enlargement are not only compatible but in fact complementary and mutually reinforcing. Each expansion of the EEC was accompanied by more integration: the move from 6 to 9 and then 10 member-states was followed by the Single Act in 1985 and the creation of the EC. After Spain and Portugal joined in 1986, the EC established the common market in 1992. Simultaneously, a process was launched that culminated in the Maastricht Treaty and the creation of the EU in 1993. Likewise, the accession of Austria, Sweden and Finland in 1995 did not prevent the launch of the Euro in 1999. Only the 2004 widening has thus far failed to produce more deepening.

D. Three rival hierarchies of fundamental goals

In the course of the discussion, three rival hierarchies of fundamental goals emerged. The first is based on the existing treaties and the Constitution. The project of achieving a single market remains incomplete and there are attempts at going into the opposite direction, as illustrated by the case of the Bolkestein directive on services. Instead of adopting lofty goals, the EU should in some sense get back to basics. This also applies to the Constitution: articles 1-3 of the Preamble list many goals about which there was large agreement between the member-states at the Convention, except for the question of Christian heritage. Rather than launching a new process of discernment, the EU could and should stick with the objectives of stability, prosperity and democracy. These are both internal and external goals and as such define the role of the Union within and beyond its borders. Finally, the aim of further enlargement makes substantial reform both desirable and feasible, even if this does not always entail further integration.

According to the second hierarchy, the goals of the EU should not be too specific and should not touch on sensitive issues such as capital punishment or the welfare state. In the order of importance, the EU should be concerned with

i. securing economic survival and robustness over the next 20 years, in the face of the fundamental challenges of global competition over scarce resources; the hasty adoption of Euro by another eight member-states countries could lead to instability which would require strong macroeconomic leadership
ii. guaranteeing peace on the Eurasia continent and in the world at large
iii. providing leadership on issues of global concern such as climate change
iv. forging and maintaining good relations with the USA and Russia
v. preserving and promoting European culture and heritage
vi. securing the welfare and happiness of Europeans

It was also argued by other participants who were in basic agreement with the second hierarchy that a strict focus on the first goal is absolutely necessary for the continued existence and functioning of the EU. Coupled with operative cohesion, economic survival is instrumental in order to preserve the Union's key achievements – the common market and the

single currency. To focus on other possible goals like social cohesion across the Union is a risk because it touches on controversial questions such as the future of the welfare systems and the fate of national social models. At the same time, the growing heterogeneity that has resulted from Eastern enlargement requires more cohesion: a wider regional distribution of Community institutions would help diffuse the concentration of power in Brussels and also command allegiance and loyalty from the new territories – an insight we owe to Machiavelli's book *The Prince*.

According to the third hierarchy of fundamental goals, the world is changing so rapidly that the EU has little choice but to adapt and to confront tough choices. During the Cold War, Europe was shielded by NATO and did not have to make existential decisions. Since 1989 and even more so recently, Europe faces stronger economic and geopolitical competition. As a result, a more diffused democratic process in which consensus and compromise prevail may no longer be available to the EU. What Europe requires is proper leadership and vision in order to have the ability to fight for its place in the world. Thus the fundamental goal would be to fend off both relative and absolute decline. Traditional democracy may not be sufficient. Perhaps Europe will need more decisive political action; in this process it may move beyond the model of liberal democracy which has prevailed since 1945.

E. Further conceptual questions

The discussions on fundamental goals also raised a series of further conceptual questions.

First, how to reaffirm the importance of Europe as an idea and to give Europe a moral standing centred on the ideal of human dignity? What could a practical expression of such a vision look like and how to translate it into political action?

Secondly, is it right to make the EU less bureaucratic and to distinguish more clearly between the political and economic dimension? Does it make sense to speak of a political and an economic dispensation (in the context of French calls for an economic government as a counterweight to the power of the European Central Bank)?

Thirdly, to what extent is Europe's *telos* evolving, away from the historic objective of peace and prosperity towards the future imperative to defend Europe's place in the world, to halt and reverse its relative or absolute decline? In this sense, could or should one of the core goals be to defend a European model of life? Might the creation of a European social and societal model provide a common basic ethos and thus prevent a new fragmentation within Europe along social lines? Would such an approach fulfil the promise to secure a certain socio-economic homogeneity or at least some convergence?

Fourthly, is it true that those who favour ambitious goals tend to inflate the language of rights and thus extend the list of goals and the number of competencies that accrue to the EU institutions? Would one alternative be to agree on a short Bill of Rights that limits both the functions at the EU level and restricts the judicial activism on the part of the ECJ?

Finally, what is or should be the aim, either to bring the Union closer to the citizens or instead the citizens closer to the Union? Is this not a Catch 22 situation, an irresolvable dilemma because the Union would have to change prior to such a rapprochement?

III. Ways or Means to Achieve Those Goals

Sessions five and six focused on the ways or means of meeting the fundamental challenges in the light of the core goals of the EU. The discussions can be divided into four parts: first, a set of preliminary remarks and conceptual questions which prepared the ground for more specific reflections; secondly, proposals for reconfiguring and overhauling existing EU institutions and policies; thirdly, ideas for new institutions or practices that might enable the EU to confront its challenges and achieve its goals; finally, reflections on how to reinvigorate politics and connect the European project with the national political classes and public opinion.

A. Preliminary remarks and conceptual questions

Some participants argued that the EU structures, institutions and mechanisms must respond to the Union's general objectives and ambitions. After decades of muddling through and piecemeal adjustments, the aim of any reforms should be to strive for greater conceptual coherence and greater institutional and operational consistency.

Others called for a re-launch of the European project and said that strong institutional reform and a clear common project centred on energy, migration and security requires leadership at the national and the EU level. The ways or means of achieving this can only be configured in the light of goals, just like the common market was designed to fulfil the ideal of the Single Act. Such a position does not endorse the *status quo* but instead calls for a radical overhaul; the preservation of the social *acquis* is unrealistic because national systems need to be reformed to be competitive in the world economy.

Yet others disagreed with this line of argument and contended that a re-launch of the EU will not resonate with most citizens in the member-states. Such and similar initiatives have already taken place and been comprehensively rejected, not least in the double rebuff of the Constitution by the French and the Dutch in 2005. A lack of popular support will make a new beginning neither desirable nor feasible. Instead, what is required is a set of procedures that impose constraints on the transfer of competencies from member-states to Brussels, thereby putting upper limits on the inexorable drive towards integration. Coupled with the promotion of civilised debates without having to reach compromise and consensus, such a move may re-enchant the citizenry with the European project. This account rests on the assumption that the task of contemporary politics is not unlike garbage collection – nowadays politics deals primarily with problems that are left unaddressed by the EU and that neither civil society nor markets are willing or able to tackle. What is worse, interference from Brussels puts yet more constraints on the local and national ability to manage 'garbage collection'.

However, there was sharp disagreement on the nature of politics and the implications for the EU. To say, as Bismarck had already done, that to conduct politics is 'to navigate the waves', i.e. to ignore the undercurrents and simply to stay at the surface, is a minimalist vision. The EU is not just a platform for 'waste disposal'; there is no compelling *a priori* reason why citizens cannot be part of both national constituencies and the European polity. So why not discuss the major issue of how to use resources in order to give Europe a genuine identity?

But this raises the question of whether key decisions in the EU should be taken by referendum or by national governments. Some argued that issues such as the division of labour between the Community and lower levels and the degree of constitutionality of the EU are too important to be put to a vote; the paralysis that ensues from popular vetoes will have long-term consequences for the EU in the international arena, at a time when both China and India are pressing ahead. Others rejected this argument and said that public opinion is not merely a nuisance which needs to be discarded. On the contrary, the only way to reinvigorate the European project is by reconnecting it with national public opinion and national political classes. The following three sections set out different ways of reforming and re-energising the Union.

B. How to reconfigure the existing institutional architecture

The debate on how to reconfigure the existing institutional set-up focused on two areas: first, the distribution of prerogatives between the ECJ and the European Court of Human Rights; secondly, the division of competencies and powers between the Commission, the EP and the Council of Ministers.

On the courts, some participants argued that the Constitution would not have solved the question of how to distribute prerogatives between the ECJ and the Strasbourg Court and that this unresolved problem would have entailed endless jurisdictional disputes. The European Court of Human Rights has replaced national parliaments in several areas of law but it lacks moral legitimacy in the eyes of many member-states and their populations, such as Poland and Ireland. Moreover, the exact constitutional status and jurisdictional role of the ECJ remains obscure. There have been clashes with national constitutional courts for some time because the ECJ has never renounced its claim to supreme constitutional authority. But this state of affairs will continue to aggravate conflicts between national countries and Community institutions and thus contribute to Euro-scepticism and Euro-fatigue.

Against the spectre of a *gouvernement des juges*, several measures can be taken. First, introducing more parliamentary scrutiny of judges who at present are appointed by national governments. This could be part of a broader strategy aimed at politicising the EU. Secondly, the role and scope of the courts would have to be solved in conjunction with the question of the charter of fundamental rights. Finally, the relations between national and European courts require further clarification.
On the Commission, two rival positions clashed. First, some participants rejected the Commission as bureaucratic, technocratic, void of any legitimacy and lacking accountability. Contrary to the Rome Treaty, Commissioners do not defend exclusively the common good but tend to serve the specific interests of their country. As such, they betray the spirit of the European integration process. Some went as far as calling for the abolition of the Commission, by transferring its competencies gradually back to national governments and giving national parliamentarians substantial control over the remaining decisions taken in Brussels. Secondly, other participants defended the Commission as an effective tool and an organisation with significant output legitimacy. What lacks legitimacy within the EU is the input side.

But this argument can be questioned: conceptually, the focus on the Commission's output legitimacy privileges short-term efficiency at the expense of checks and balances and thus long-term viability. Moreover, the distinction between input and output legitimacy obfuscates the need for greater 'through-put' legitimacy, i.e. making the decision-making process and the content of policies both more legitimate and democratic. There was however a large consensus on the question of reducing the size of the Commission and getting rid of the principle that each member-state is entitled to one Commissioner. Most participants agreed that 10-15 Commissioners would do a better job than 25 and soon 27. A system of rotation could be devised to accommodate both small and big countries. One specific idea was to model the Commission on the European Investment Bank, to streamline its competencies and to focus on core issues (e.g. energy, security, research and innovation) rather than produce endless regulation and red tape.

Beyond the question of legitimacy, the core problem is the EU's democratic deficit but eliminating the Commission fails to address, let alone solve it; instead, what is required is more accountability vis-à-vis the EP. Indeed, the EP could and should intervene when the Commission goes wrong – parliaments have traditionally been mechanisms of control, scrutiny and accountability, so the deficiencies of the Commission reinforce the arguments in favour of strengthening the EP. Moreover, it was argued that the Council is the single most valuable institution because it is both an effective decision-making body and enjoys legitimacy. The Council combines important legislative functions with political clout. Short of abolishing the Commission altogether, the EU could strengthen the role of the Council. It could also introduce a bicameral system. This leads to the following section on new institutions and practices.

C. Creating new institutions and practices?

One of the main ideas which came out of the discussions was the creation of a second chamber or Senate at the EU level. Though not new in itself, this is one of the most innovative proposals. The rationale which lies behind this idea is that at present the main problem of the EU in general and the legislative process in particular is the lack of trust on the part of its constituents, the citizens. Introducing an upper chamber which holds limited sessions and focuses on core issues could go some way towards restoring confidence and participation. Properly configured, the Senate could be given the power even to overrule the ECJ. Coupled with radical decentralisation and subsidiarity, the upper chamber might act as a second lock on further moves towards the concentration of power at the centre, precisely because the ECJ has been an agent of centralisation. Besides reviewing legislation and providing a limit on further central control, foreign policy could be the third role for the Senate. As for its composition, two traditional principles conflict: territoriality and majority. As such, it may be best to appoint leading figures from national constituencies.

However, there were numerous counter-arguments. First, a bicameral system is too complex and as such unintelligible to most citizens. Secondly, the Senate's functions are currently exercised predominantly by the Council of Ministers, which arguably is more representative and legitimate. Thirdly, which of the existing institutions would be prepared to lose power in favour of the Senate? The EP? National governments? Would it not make the whole system more federal and thus less legitimate and democratic? Fourthly, the current system which grants the EP co-decision in many areas works well, as evinced by the case of the service

directive: the Council of Ministers accepted without any modification the EP's widely amended revision of the Commission's original draft. Finally, the nature of the Senate's composition is not a panacea against the EU's crisis of legitimacy because it does not solve the constitutional role of the ECJ. Instead of establishing a Senate, what could be envisaged is to reconfigure the composition of the EP by combining delegations from national parliaments and directly elected members. Such a revamped EP may be capable of relating EU politics to national politics and thus bridge the gap that has grown over the last few years.

The second concrete proposal was to introduce a State of the Union Address. Such an address could summarise the current state of the EU, define the fundamental challenges and set out the main goals which the Union seeks to attain. Input for the annual address could come from a wide array of sources, include a council of wise men who have no decisionary power but could contribute in terms of their experience and insight. On the basis of such a major public event, there could be an EU-wide debate, with comments from national parliaments and the various EU institutions. Over time, after years of careful deliberations, this process may produce a document that brings together some of the main goals and thus succeeds where the Convention failed.

This proposal raised numerous questions. First, would this address replace the various statements by the Commission President, the President of the EP and the Head of State or Government of the country that holds the Council Presidency? Secondly, who in the current institutional configuration would deliver this address? Thirdly, how could this address benefit from the reflections of a broad range of experts? Fourthly, how could the ensuing debate be both European and national, given the different languages and political cultures? These and other questions led to the final part of the meeting – reflections on how to reinvigorate politics and reconnect the European project with national political classes and national public opinion.

D. How to reinvigorate politics and reconnect the EU to national political classes?

The final part of the proceedings tied together all three topics of the conference – the fundamental challenges, the goals or finalities and the means or ways of meeting the challenges. There was a heated debate about whether the key to an alternative political model for the EU lies at the national or the European level. Some participants argued that the current crisis has got little or nothing to do with Europe as such. Instead, it is an expression of an ongoing disaffection and disillusionment with politics in general: voter turnout, electoral participation and membership in political parties is in decline across the member-states, even in countries where voting is compulsory, such as Belgium and Luxembourg. Far from being the cause that triggered the crisis, the rejection of the Constitution was symptomatic of the growing disenchantment with the political elites. At the EU level, this has been exacerbated by the transfer of power away from elected and accountable institutions to unelected and unaccountable institutions like the ECB. More fundamentally, all elites, if unchecked, risked being self-interested, self-selecting, self-serving and contemptuous of the people.

Others put the emphasis on the unintended consequences of the integration process, one of which is the weakening of national political classes as a result of the transfer of power and competencies. This has sterilised national politics and exacerbated the decline in the scope

and level of popular mobilisation and protests. Yet others went further and claimed that the unintended consequences of integration and the creeping 'constitutionalisation' of Europe are coinciding at the EU level but are in fact different processes: while the former can be limited on the basis of existing treaties, the latter is beyond control because nothing can at present curb the power of the ECJ.

Depending on the diagnosis, different solutions were put forward. First, empowering citizens at every level, engaging them and making them interested in public affairs. Secondly, limiting the power of unelected and unaccountable institutions and reconnecting elites to national politics. Thirdly, faced with the inexorable drive towards a federal super-state, the only solution is to re-empower national parliaments and make them a core decision-maker in the EU; moreover, national parliaments should scrutinise the Commission and have greater influence over the implementation of EU policies.

More specifically, the *acquis communautaire* should be rethought. What is needed is a mechanism that can reverse the inevitable increase of competencies: for example, sunset clauses that trigger automatic review of directives and other EU decisions and policies (however, such an automaticity raises the problem of legal uncertainty which is inimical to the proper functioning of financial markets and other sectors of the economy). In conjunction with limits on further integration, the Union must apply the principle of subsidiarity to its full potential and undergo a comprehensive process of decentralisation, including fundamental issues on which people should be able to disagree and make local decisions. This top-down localisation could be matched by a bottom-up movement, along the lines of Rudi Dutschke's vision of interlocking councils delegating from the grass-root up to higher councils.

Moreover, elections for the EP could be Europeanised by having candidate lists selected by pan-European party federations in close coordination with local party associations rather than imposed by national party headquarters. Thus European-wide elections would bypass exclusively national party politics and avoid a situation where each country sends its own proxies to Brussels. Thus constituted, the EP could choose the Commission President from its ranks. Similarly, instead of rotating national presidencies, we could and should have direct elections for the President of the Council. This office could then command widespread legitimacy, not least by avoiding accusations of horse-trading and favouritism. Coupled with a Europe of localities that promotes political participation and civic structures, mutual political practices across the Union will help foster a shared identity. A Europe that speaks to local concerns will find itself supported by all and thereby be empowered at the global level.

However, these ideas on how to Europeanise EU elections faced a number of objections. First, it was argued that Europe-wide party lists are abstract and thus unworkable. Secondly, it might be preferable to have each party choose a candidate for Commission President. Thirdly, direct elections for President of the Council were discussed by the Convention but this proposal failed to command a majority. This was a mistake in the sense that politics needs recognisable faces and operate in terms of personal representation. Finally, the only way to create a shared politics is to debate real choices at the European level and to determine whether we want more liberalisation or more social protection, i.e. discuss substantive policies and thus introduce partisan politics into the European debates.

If Europeanising EU elections is problematic, one alternative which was discussed is to put in place a long-term process to create a constitutional sense across Europe and to Europeanise national political classes and national public opinion. Only then can the EU re-engage both politicians and voters and thus improve its own legitimacy. Creating a direct link between the EU level and the national polity also has the advantage of overcoming the narrow choice between inter-governmentalism, supra-nationalism and the open method of coordination. All three approaches have serious limits and cannot bridge the growing gap between elites and populations and between the EU and national politics. The open method of coordination is particularly dangerous because it absolves all elected politics of any responsibility and also eliminates public debate: for example, the Hartz laws in Germany were enacted with the excuse that the target of structural reform had been set at the European level by a network of actors who are not directly accountable to any particular political constituency.

More fundamentally, it was argued by some participants that the EU needs to secure its survival before it can envision a new political compact and a proper social contract. Three forms of capital are indispensable to the existence of any political entity: market capital, cultural capital and social capital. The Europeans have market and cultural capital, but they lack social capital – they lack the trust in themselves and each other which is required in order to survive in the twenty-first century. The ingenuity of the European experiment since the end of the Second World War was the reinvention of the nation-state by pooling sovereignty in order to retain it. However, over time this process has led to the disconnection of the trans-national state from the trans-national communities. In itself, this does not mark the death of politics but it entails the disenchantment of politics, which has been hollowed out and been reduced to management. At the level of domestic politics, citizens still deal with institutions that were designed in the nineteenth century. At the dawn of the twenty-first century, the main challenge for the EU is whether it can provide the space where trans-national communities are embedded in a genuinely trans-national state.

Concluding Remarks

This first meeting was a very lively exchange of ideas and produced heated debates on some core issues that pertain to the future of the EU. Beyond specific points of disagreement, what emerged from the discussions was a large consensus in favour of a genuine pan-European contest for rival visions of Europe. Moreover, most participants shared the conviction that there is a hierarchy of fundamental challenges and of goals, and that reforms must be designed accordingly. The overriding direction of present reflections on the future of the EU and Europe as a whole must be about ways to re-energise politics at all levels and to reconnect the European project with national political classes and national public opinion, such that a new compact can take shape.

This meeting is the first in a series of two or three meetings. In terms of the immediate follow-up, it was agreed that the findings of this first meeting would be circulated as widely as possible and thus be submitted to the scrutiny of all those scholars and policy-makers who were unable to attend.
Furthermore, all invited persons for the second conference, which will be held in Santa Colomba on 1-3 June 2007, will be asked to draft a short text in preparation for the discussions. The idea is to get a wide variety of experts to think and write about different

dimensions of alternative political structures. In these submissions, it would be useful to address the following questions:

(1) different institutional reforms and designs

(2) alternative political models for the EU

(3) a societal vision for the EU

(4) the EU's economic governance

The objective is to have a series of different projects and the concomitant roadmaps that can be discussed at the next meeting in Santa Colomba. Ultimately, the ambition is to sketch the contours for an alternative political future of the EU and Europe as a whole.

Adrian Pabst
Research Fellow
LIEIS

PROPOSITIONS

Possible Political Structures for the European Union

On the basis of a conference held on 2 and 3 December 2006 in Schengen by the Luxembourg Institute for European and International Studies, this document sets out 40 propositions intended to provoke reflection and debate about the overall topic and the sub-themes: possible political structures for the EU in the light of the fundamental challenges facing the Union, its goals and the means of meeting the challenges. These propositions are based on a number of premises. The first is that Europe as a whole and the EU in particular face a period of uncertainty and lack a distinct direction. The second premise is that the *status quo* of the EU is institutionally unsustainable and politically questionable. The third premise is that the Convention sidestepped fundamental questions about the foundations and the finalities of the European integration and enlargement process. The fourth premise is that the failure of the Constitutional Treaty was not the cause of the current crisis but a symptom of a wider *malaise*. The fifth premise is that the policy- and decision-makers of the Community institutions and the member-state governments are either unable or unwilling to envision a genuine alternative to the prevailing strategies and policies. As such, they require input from independent analysts. The following propositions are not fully compatible with one another, but they all aim to provide a fresh engagement with the EU's current predicament and to lay a new conceptual foundation for original and innovative proposals.

I. The Fundamental Challenges Facing the EU

Proposition 1: The EU of 25 has been characterised by a sense of diminished ambition. However, the European integration and enlargement process cannot be reduced to a functionalist project centred on economic cooperation and trade. Rather, the EEC and later the EC were guided by a civilising mission – to transmit the values of liberal democracy, social market economy and the peaceful coexistence of nations by pooling sovereignty. The rejection of the Constitution represents a setback, but it does not inevitably lead to the abandonment of this core civilising mission.

Proposition 2: The EU is beset by a crisis of self-belief; the mark of this predicament is the unwillingness and inability to make sacrifices. Strident demands for extraordinary sacrifices from candidate countries (Central and Eastern Europe, Turkey) contrast with the refusal by the existing member-states to make any significant sacrifices to facilitate accession. Wide-ranging institutional reforms would require the sacrifice of national interests in favour of the Union as a whole.

Proposition 3: The current crisis raises a fundamental question: has the EU fallen short of the self-generated expectations or is it the victim of its own success? Has the Union failed to make good on its promises? Or is it facing the unintended consequences of an unparalleled process of deepening and widening? Are integration and enlargement incompatible and will the EU of 27 spell the end of the 'Delors model'?

Proposition 4: The EU must confront the paradox of becoming an ever-more expanding bureaucratic colossus that is increasingly incapable of solving the most pressing societal problems.

Proposition 5: Among the most fundamental challenges, the EU faces the pressures of economic globalisation and competition which threaten not only the existence of the welfare state and the EU's social and societal model(s) but also Europe's very survival. Without a solid material basis, institutional reforms or political changes lack the potency to improve the fundamentals upon which the European integration and enlargement process rests.

Proposition 6: Childlessness and ageing populations are pan-European problems which have to some extent been alleviated by immigration. Foreign workers embrace the dominant work ethic but, if they do not buy into the social contract, become "foreigners amongst citizens" (Jean-Jacques Rousseau). Will illegal and legal migrants fit into the dominant societal model? Can they be assimilated? The ensuing conflicts (more job insecurity and declining standards in education) will not be national or ethnic conflicts but social conflicts – intra-European social conflicts partly resulting from global and external pressures. What the EU may face is a pan-European social war.

Proposition 7: The EU and individual member-states are failing to secure the long-term future by not investing sufficiently in education, science, R&D and professional skills. As a result, they will not achieve the central objective of the Lisbon Agenda of March 2000 to transform Europe into "the most competitive and dynamic knowledge-driven economy by 2010". At the same time, the short-term living conditions of vast parts of society are worsening – poverty, inequality and homelessness are increasing and virtually all member-states are seeing the rise of a new underclass or *Unterschicht*. The mark of Europe is a growing disparity between the very rich and the very poor and a middle class which is struggling to make ends meet.

Proposition 8: For the foreseeable future the EU will not have an autonomous, let alone independent foreign, security or defence policy. As such, the EU cannot claim to be a genuine 'security community' (Karl Deutsch) or aspire to be a real global strategic actor. Moreover, the geopolitical decline of both the EU and NATO might confirm Jürgen Habermas' thesis of a divided West – the decreasing purchasing power of the West in terms of global governance and the models which Western countries would like to export to the Middle East, Central Asia and beyond.

Proposition 9: Across the Union there is a growing distance between elites and populations, which reinforces alienation and prevents a much-needed critical engagement between pro-European views and Euro-scepticism. The EU is characterised by an increasing tension between socio-economic homogeneity and political and cultural heterogeneity – a seemingly inexorable process of simultaneous convergence and divergence. Thus, the fundamental challenge is to devise ways to reconnect the EU with national public opinion and national political classes.

Proposition 10: Given the growing gulf between the EU and national constituencies, one fundamental challenge is to set absolute upper limits on the transfer of competencies. The EU as a self-organisation has its own dynamic that cannot stop but only ever adds to itself – an ever-increasing flow of competencies towards Brussels by way of judicial activism and bureaucratic zeal. An upper limit might in fact set free alternative energies and innovation,

thereby outgrowing the EU's own stagnation or sclerosis (Mancur Olson). Thus, the Union might once again play the role of beacon of democracy, as a counter-veiling force to other global powers.

Proposition 11: Widespread and growing disaffection with politics risks eroding authority and further alienating the citizenry. Populism and xenophobia tend to become part of mainstream ideology and legitimate policies that exacerbate divisions and conflicts within society. Cohesion and solidarity are hollowed out and replaced by an ever fiercer competition for scarce resources. Self-segregation and ghettoisation undermine efforts to integrate minorities. Ultimately, the social fabric which all vibrant democracies require may disintegrate. This raises the important question whether Europe can fashion a common *demos*. The challenge for the EU – insofar as it is a political model *sui generis* – is to find ways to blend national *demoi* with a European *demos*.

Proposition 12: The prevailing liberal consensus is contested and disputed by some of the new member-states, above all Poland, and also candidate countries such as Turkey. Religion is back on the agenda, in the sense of the political purchase of religious identities and value systems. According to some participants, the move towards a post-secular Europe was not at all reflected in the Constitutional Treaty. The challenge is thus to integrate religion into the current reflections on the future of Europe.

Proposition 13: All the fundamental challenges facing the EU are interconnected, and the various levels (local, regional, national and European) relate to one another in complex ways. The urgent task for the EU is to define a hierarchy of challenges and a concomitant hierarchy of means of meeting them. Such a hierarchy is needed to determine the order of the EU's priorities.

II. The Finalities, Purposes or *Teloi* of the EU

Proposition 14: Specific goals cannot be determined without addressing preliminary questions:

vii. does it make sense to speak of common goals in the light of conflicting interests and divergent sensitivities? Could and should the entire European endeavour be revamped? If so, might institutions such as the European Commission be obsolete?

viii. is it conceptually useful to distinguish between a minimalist and a maximalist ambition for the EU?

ix. is integration and an 'ever-closer union' the primary aim of the EU or is enlargement a goal in itself? Are deepening and widening compatible or mutually exclusive objectives? Does the EU have to lower its goals as long as it is enlarging and thereby enhancing the centrifugal forces that reinforce the divergence of interests?

x. have some fundamental goals of the EU fallen into oblivion or been neglected in the last decade or so? Does this constitute a rational and sober assessment or is it an expression of disillusionment and disenchantment?

Proposition 15: The question of finalities requires a discussion of the fundamental basis or foundations of Europe. Geography and culture alone do not define European-ness. Is the EU also an ideological, material or philosophical construction? What is it that makes us European? The proclaimed purpose of NATO was to defend Western civilisation. Does the

EU have a similar geo-strategic mission? Or is its prime *raison d'être* economic – to produce growth and secure prosperity? Unlike America, Europe seems to lack an ideology that can bind together and mobilise its citizens. As yet there is no European equivalent of 'Americanism'.

Proposition 16: One of the most fundamental goals of the EU is to promote democracy, but this presupposes a functioning democracy – a contest of rival goals and choices based on majorities. But the EU is governed by compromise and consensus and tends to reach the lowest common denominator while avoiding big choices. At present, there is not sufficient scope for contestation. If the EU aspires to being a beacon of democracy, does it not need to undergo a process of politicisation? This would necessitate acceptance of divisive decisions and of win-lose outcomes. Indeed, the mark of democracy is a contest of rival ideas and a shared politics based on deep divisions. The risk for the EU is that socio-economic convergence will entail a form of harmonisation which will eliminate cultural and political diversity altogether.

Proposition 17: A political system can only be called a genuine democracy if it passes three tests: first, it must be intelligible to society at large; secondly, it must be capable of mobilising its citizenry; thirdly, it must be entertaining and offering a platform for the contest of rival ideas. However, the EU does not fulfil any of these tests. Nor is the EU a unitary actor that can set goals to member-states: the goal 'democracy', if there is such a goal at the EU level, is disputed between different public authorities.

Proposition 18: A distinction must be drawn between the EU's democratic deficit and its crisis of legitimacy. The former is part and parcel of a properly configured liberal democracy because it imposes limits on the operation of the majority principle and thereby prevents the rise of elective tyrannies. The latter concerns the lack or absence of any widely accepted or understood framework for public decision-making, e.g. the transfer of competencies or the policy-making process.

Proposition 19: The goals of the EU should not be too specific and should not touch on sensitive issues such as capital punishment or the welfare state. In the order of importance, the EU should be concerned with

vii. securing economic survival and robustness over the next 20 years, in the face of the fundamental challenges of global competition over scarce resources; the hasty adoption of the Euro by another eight member-states could lead to instability which would require strong macroeconomic leadership
viii. guaranteeing peace on the Eurasia continent and in the world at large
ix. providing leadership on issues of global concern such as climate change
x. forging and maintaining good relations with the USA and Russia
xi. preserving and promoting European culture and heritage
xii. securing the welfare and happiness of Europeans

Proposition 20: Coupled with operative coherence, economic strength is instrumental to the preservation of the Union's key achievements – the common market and the single currency. To focus on other possible goals like social cohesion across the Union is a risk because it touches on controversial questions such as the future of the welfare state and the fate of national social models. At the same time, the growing heterogeneity that has resulted from Eastern enlargement requires more efforts towards cohesion: a wider regional distribution of

Community institutions would help diffuse the concentration of power in Brussels and also command allegiance and loyalty from the new territories

Proposition 21: Reflections on fundamental goals also raise a series of further questions.

a. how to reaffirm the importance of Europe as an idea and to give Europe a moral standing centred on the ideal of human dignity? What could a practical expression of such a vision look like and how to translate it into political action?
b. is it right to make the EU less bureaucratic and to distinguish more clearly between the political and economic dimension? Does it make sense to speak of a political and an economic 'dispensation' (in the context of French calls for an economic government as a counterweight to the power of the European Central Bank)?
c. to what extent is Europe's *telos* evolving and thus moving away from the historic objective of peace and prosperity towards the future imperative to defend Europe's place in the world, to halt and reverse its relative or absolute decline? Could or should one of the core goals be to defend a European model of life? Might the creation of a European social and societal model provide a common basic ethos and thus prevent a new fragmentation within Europe along social lines? Would such an approach fulfil the promise to secure a certain socio-economic homogeneity or at least some convergence?
d. is it true that those who favour ambitious goals tend to inflate the language of rights and thereby extend the list of goals and the number of competencies that accrue to the EU institutions? Would one alternative be to agree on a short Bill of Rights that limits both the functions at the EU level and restricts the judicial activism on the part of the ECJ?
e. what is or should be the aim - to bring the Union closer to the citizens or the citizens closer to the Union? Is this not a 'Catch-22' situation, an irresolvable dilemma because the Union would have to change prior to such a rapprochement?

III. Ways or Means to Achieve Those Goals

Proposition 22: The EU is hampered by a series of constraints and impediments which prevent any swift and resolute action and reform and which need to be overcome:

viii. a lack of insight or lucidity on the part of policy-makers
ix. an absence of political will to transform existing structures and embrace new ideas
x. a strong bureaucratic lethargy
xi. a self-imposing agenda that dictates the terms of thinking and acting in Brussels and the national capitals
xii. an ability only to cope with the most immediate concerns and a failure to think long-term
xiii. a growing heterogeneity of national interests
xiv. an unfavourable international environment

Is perhaps the fundamental problem that the EU as a bureaucratic and technocratic organisation stands in inherent tension to (or maybe in contradiction with) the member-states as living societies?

Proposition 23: The EU structures, institutions and mechanisms must respond to the Union's general objectives and ambitions. After decades of muddling through and piecemeal adjustments, the aim of any real reforms should be to strive for greater conceptual coherence and greater institutional and operational consistency.

Proposition 24: If there is to be a re-launch of the European project in the form of extensive institutional reform and a clear common project centred on energy, migration and security, then what is required is leadership at the national and the EU level. The ways or means of achieving this can only be configured in the light of the goals. Such an idea calls for a radical overhaul of the *status quo*: the preservation of the social *acquis* is unrealistic because at present national economies lack competitiveness and welfare is unsustainable. If a re-launch is undesirable and unworkable, then the EU could agree on a set of constraints on the transfer of competencies from member-states to Brussels, thereby putting upper limits on the relentless drive towards integration. Coupled with the promotion of civilised debates without the imperative of reaching compromise and consensus, such a move may re-enchant the citizenry with the European project.

Proposition 25: In order to overcome the wider political crisis, the EU must devise policies to implement the following strategies: first, empowering citizens at every level, engaging them and generating popular interest in public affairs; secondly, limiting the power of unelected and unaccountable institutions and reconnecting elites to national politics; thirdly, faced with the inexorable drive towards a federal super-state, re-empowering national parliaments and making them a core decision-maker in the EU by enabling parliamentarians to scrutinise the Commission and have greater influence over the implementation of EU policies.

Proposition 26: It is imperative to define and redistribute the prerogatives between the European Court of Justice (ECJ) and the European Court of Human Rights. The latter has replaced national parliaments in several areas of law, but it lacks moral legitimacy in the eyes of many member-states and their populations (e.g. Poland and Ireland). The ECJ's exact constitutional status and jurisdictional role remains obscure. Because the ECJ has never renounced its claim to supreme constitutional authority, the ensuing clashes with national constitutional courts will continue to aggravate conflicts between national countries and Community institutions and thus contribute to Euro-scepticism and Euro-fatigue.

Proposition 27: Against the spectre of a *gouvernement des juges*, several measures can be taken. First, introducing more parliamentary scrutiny of judges who at present are appointed by national governments. This could be part of a broader strategy aimed at politicising the EU. Secondly, the role and scope of the courts would have to be solved in conjunction with the question of the charter of fundamental rights. Finally, the relations between national and European courts require further clarification.

Proposition 28: Contrary to the stipulation of the Rome Treaty, Commissioners do not defend exclusively the common good but instead tend to serve the specific interests of their country. As such, they betray the spirit of the European integration process. EU member-states must reduce the size of the Commission and abandon the principle that each member-state is entitled to one Commissioner. 10-15 Commissioners would do a better job than 25 and soon 27. A system of rotation could be devised to accommodate both small and big countries. One specific idea which emerged from the conference debates was to model the Commission on the European Investment Bank, to streamline its competencies and to focus on core issues (e.g. energy, security, research and innovation), rather than producing endless regulation and red tape.

Proposition 29: Conceptually, to defend the action of the Commission in terms of its output legitimacy is to privilege short-term efficiency at the expense of checks and balances and thus

long-term viability. The distinction between input and output legitimacy also obfuscates the need for greater 'through-put legitimacy', i.e. making the decision-making process and the content of policies both more legitimate and democratic.

Proposition 30: One way to achieve greater legitimacy is to enhance the accountability of the Commission vis-à-vis the European Parliament (EP). Parliaments have traditionally been mechanisms of control, scrutiny and accountability, so the deficiencies of the Commission reinforce the arguments in favour of strengthening the EP. The Council is perhaps the single most valuable institution because it is both an effective decision-making body and enjoys legitimacy – it combines important legislative functions with political clout.

Proposition 31: The EU could also create a second chamber or Senate. Establishing an upper chamber of the EP which holds limited sessions and focuses on core issues could go some way towards restoring popular confidence and participation in European politics. Properly configured, the Senate could be given the power to overrule the ECJ. Coupled with radical decentralisation and subsidiarity, the upper chamber might act as a second lock on further moves towards the concentration of power at the centre, precisely because the ECJ has been an agent of centralisation. Besides reviewing legislation and providing a limit on further central control, foreign policy could be the third role for the Senate. As for its composition, two traditional principles conflict: territoriality and majority. As such, it may be best to appoint leading figures from national constituencies.

Proposition 32: Either in addition or as an alternative to the senate, the EU could reconfigure the composition of the EP by combining delegations from national parliaments and directly elected members. Such a revamped EP may be capable of relating European politics to national politics and thus bridge the growing gap between the EU and the national level.

Proposition 33: The EU could introduce a State of the Union Address. Such an address could summarise the current state of the EU, define the fundamental challenges and set out the main goals which the Union seeks to attain. Input for the annual address could come from a wide array of sources, include a 'council of wise men' who have no decisionary power but could contribute in terms of their experience and insight. On the basis of such a major public event, there could be an EU-wide debate, with comments from national parliaments and the various EU institutions. Over time, after years of careful deliberations, this process may produce a document that brings together some of the main goals and thus succeeds where the Convention failed.

Proposition 34: The current crisis of the EU is also an expression of an ongoing disaffection and disillusionment with politics in general: voter turnout, electoral participation and membership in political parties is in decline across the member-states, even in countries where voting is compulsory (e.g. Belgium and Luxembourg). Far from being the only cause that triggered the crisis, the rejection of the Constitution was symptomatic of the growing disenchantment with political elites. At the EU level, this has been exacerbated by the transfer of power away from elected and accountable institutions to unelected and unaccountable institutions like the ECB. More fundamentally, all elites, if unchecked, risk being self-interested, self-selecting, self-serving and contemptuous of the people.

Proposition 35: The unintended consequences of the European integration process have had the effect of weakening national political classes as a result of the transfer of power and

competencies. This has sterilised national politics and exacerbated the decline in the scope and level of popular mobilisation and protests. Unlike other unintended consequences, the creeping 'constitutionalisation' of Europe cannot be limited on the basis of existing treaties but instead is beyond control because at present nothing can curb the power of the ECJ.

Proposition 36: The EU must rethink the *acquis communautaire* and adopt a mechanism that can reverse the inevitable increase of competencies (e.g. sunset clauses that trigger automatic review of directives and other EU decisions and policies). Coupled with limits on further integration, the Union must apply the principle of subsidiarity to its full potential and undergo a comprehensive process of decentralisation, including fundamental issues on which people should be able to disagree and make local decisions. This top-down localisation could be matched by a bottom-up movement of enhanced coordination at the local and regional level.

Proposition 37: Moreover, elections for the EP could be Europeanised by having candidate lists selected by pan-European party federations in close coordination with local party associations rather than imposed by national party headquarters. Thus European-wide elections would bypass exclusively national party politics and avoid a situation where each country sends its own proxies to Brussels. Thus constituted, the EP could choose the Commission President from its ranks.

Proposition 38: Instead of rotating national presidencies, the EU could and should have direct elections for the President of the Council. This office could then command widespread legitimacy, not least by avoiding accusations of horse-trading and favouritism. Coupled with a Europe of localities that promotes political participation and civic structures, mutual political practices across the Union will help foster a shared identity. A Europe that speaks to local concerns will find itself supported by all and thereby be empowered at the global level.

Proposition 39: The EU could put in place a long-term process to create a shared constitutional sense across Europe and thereby Europeanise national political classes and national public opinion. Creating a direct link between the EU level and the national polity would have the advantage of overcoming the narrow choice between inter-governmentalism, supra-nationalism and the open method of coordination. All three approaches have serious limits and cannot bridge the growing gap between elites and populations and between the EU and national politics. The open method of coordination is particularly dangerous because it absolves all elected politics of any responsibility and also undermines public debate.

Proposition 40: The EU needs to secure its survival before it can envision a new political compact and a proper social contract. The Europeans have sufficient market and cultural capital, but they lack social capital – they lack the trust in themselves and each other. The ingenuity of the European experiment since the end of the Second World War was the reinvention of the nation-state by pooling sovereignty in order to retain it. But over time this process has led to the disconnection of the trans-national state from the trans-national communities. In itself, this does not mark the death of politics but it entails the disenchantment of politics, which has been hollowed out and been reduced to management. At the level of domestic politics, citizens still deal with institutions that were designed in the nineteenth century. At the dawn of the twenty-first century, the main challenge for the EU is whether it can provide the space where trans-national communities are embedded in a genuinely trans-national state.

Concluding Remarks and Outlook

There is a hierarchy of fundamental challenges and of goals, and reforms must be designed accordingly. The overriding direction of present reflections on the future of the EU and Europe as a whole must be about ways to re-energise politics at all levels and to reconnect the European project with national political classes and national public opinion, such that a new compact can take shape.

The propositions set out in this document will be circulated as widely as possible and thus be submitted to the scrutiny of all those scholars and policy-makers who were unable to attend. All invited persons for the second conference, which will be held in Santa Colomba on 1-3 June 2007, will be asked to draft a short text in preparation for the discussions. The aim is to get a wide variety of experts to think and write about different dimensions of alternative political structures. In these submissions, it would be useful to address the following questions:

i. different institutional reforms and design
ii. alternative political models for the EU
iii. rival societal visions for the EU
iv. different ideas for the EU's economic governance

The objective is to have a series of different projects and the concomitant roadmaps that can be discussed at the next meeting in Santa Colomba. Ultimately, the ambition is to sketch the contours for an alternative political future of the EU and Europe as a whole.

Appendix

Conference

Possible political structures for the European Union

2-3 December 2006
Kochhaus, Schengen

Items of discussion

1st session: Challenges ahead (internal and external; political, economic, social and strategic: examples:)

- geographic widening
- rise of powerful economic competitors in Asia and elsewhere
- demographic decline / population ageing
- crisis of the welfare state
- political fatigue and growing disaffection of the citizens
- immigration

2nd session: Goals (examples:)

- strengthening the political foundations of the EU action
- enhancing economic efficiency and competitiveness
- guaranteeing satisfactory social standards
- making the EU a meaningful political actor in the international system
- strengthening the identity

3rd session: Means and ways to achieve those goals (examples:)

- adapting and restructuring the political and institutional setting
- inducing greater flexibility in the various socio-economic realms
- bringing about a greater responsiveness at all levels of the Union
- reducing bureaucracy and decentralizing the organization

Luxembourg Institute for European and International Studies

Conference

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List of participants

Almond, Mark, Lecturer in Modern History, Oriel College, University of Oxford

Ambrosi, Gerhard Michael, Professor, Jean Monnet Center of Excellence for European Studies, University of Trier

Calleo, David, University Professor, The Johns Hopkins University; Dean Acheson Professor and Director of European Studies, The Nitze School of Advanced International Studies, Washington

Clesse, Armand, Director, Luxembourg Institute for European and International Studies

Cohen-Tanugi, Laurent, Director, Notre Europe; Partner, Skadden, Arps, Slate, Meagher & Flom, Paris

Coker, Christopher, Professor of International Relations, London School of Economics and Political Science

Colling, François, Member, European Court of Auditors; Chairman, Advisory Board, Luxembourg Institute for European and International Studies

Dehousse, Franklin, Professor of International Economic Law, University of Liège

Drulak, Petr, Director, Institute of International Relations, Prague

van Gunsteren, Herman, Professor of Political Theory and Legal Philosophy, Leiden University

Hirsch, Mario, Director, Pierre Werner Institute, Luxembourg

Kirsch, Guy, Professor of Political Economics, University of Fribourg

Krüger, Peter, Professor Emeritus of Modern and Contemporary History, University of Marburg

Maier, Charles S., Leverett Saltonstall Professor of History, Harvard University

Mundell, Robert A., University Professor of Economics, Columbia University, New York

Pabst, Adrian, Research Fellow, Luxembourg Institute for European and International Studies

Schmit, Nicolas, Minister Delegate for Foreign Affairs and Immigration, Luxembourg

Siedentop, Larry, Emeritus Lecturer in Political Thought; Emeritus Fellow of Keble College, University of Oxford