

## European integration – a vital step on the road to a new world order

*By John Palmer*

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The massive rejection of the proposed European Union constitutional treaty in the Dutch and French referendums has left political parties of left, right and centre in many key EU countries divided, disoriented and uncertain about the future of the project for a more united and integrated Europe. The subsequent debate has had the virtue of requiring all serious political players to answer some basic questions: what is the European Union *for* in the 21<sup>st</sup> century and how will the process of European integration impact on the different political programmes and perspectives of both left and right?

There is a widespread but mistaken belief that European integration is driven by a political elite with a secret blueprint designed to bring about a European “super-state” for its own sake. In reality, sovereignty sharing in the European Union has evolved in a more pragmatic way. Integration has been an indispensable tool for a variety of political forces – from the centre left and the greens to mainstream liberals and conservatives – to respond to external and internal challenges and problems. Member States have resorted to legally binding collective decisions in the EU only when the problems they faced could not be addressed effectively in any other way. Acting on the basis of shared sovereignty, rather than voluntary cooperation between sovereign governments, has been the choice of last – not first - resort.

The current malaise in the European Union predates the constitutional treaty. The European conservative political family has become increasingly uncertain about whether further European integration (or even the existing level of integration) any longer serves their policy priorities. Not only in the British Tory party but also in some of the mainstream continental European centre right parties important “euro-sceptic” currents have emerged. There are conservative politicians who believe that, with the creation of a European single market and other policies designed to improve European competitiveness on world markets, there is little profit in encouraging further integration. Their attitude – shared by some business leaders – is that “we have all the Europe we need.”

There are important figures in the European Christian Democrat camp who argue that realising a serious European Union common foreign and security will probably require some further transfer of sovereignty from the national Member State level to the European level. They believe this may also be true for internal security or for realising the full potential of the single European currency. But within the broad

spectrum of European conservatism europhile tendencies are no longer in the ascendancy and appear to be diminishing in influence.

### **Creating a European *demos***

There is support in the European liberal political spectrum for both further integration and for a serious European *demos*. But even within some liberal parties euro-sceptic voices can be heard – notably in the Netherlands and Germany. Both conservative and liberal parties across the 25 EU Member States also face electoral competition from populist formations well to their right. Such divisions within the broad centre-right parties on fundamental attitudes to European integration has undermined the influence which – together – they might have expected to exercise as the de facto majority in the European Parliament.

These developments have also weakened the authority of the conservative majority within the enlarged college of European Commissioners. This is one reason why the current right wing (but ex-Maoist) Portuguese President of the Commission, Jose-Manuel Barroso, has so far proved lacklustre and ineffective. The unofficial European Parliament “opposition” - formed by the Party of European Socialists, the Greens and the left Socialists - have actually been able to win Parliament’s support on a range of important votes including the de facto reshaping of the controversial Services Directive (which aims to open up an EU wide free market in services) in ways which will protect workers’ rights. In the European Parliament the vast majority of the social democratic, green and socialist left believe that serious economic, social and environmental progress demands “more, not less, Europe.”

The explosive character of the split over the future political trajectory of the European Union was manifest in the rival campaigns on the left in France for and against ratification of the proposed Constitutional Treaty. Ironically many of the “Non” campaigners were happy to fly the European flag on the night the result was announced. They insisted they wanted “more Europe – but a different Europe” in ways that must have puzzled traditional euro-sceptics in the British labour movement.

The real division in France was less within the French socialist and Green parties than between the pro-European majorities in these parties and a large proportion of their natural electorates. The reasons for the big “no” votes in both France and the Netherlands are complex. They include hostility to and even outright fear of further neo-liberal economic policies – widely seen as at the root of a loss of job security and an erosion of welfare rights. But they also include a more overt form of populist opposition to EU enlargement and more generally to immigrants (whether from within or without the European Union). These attitudes sometimes merged into outright racism and xenophobia.

Defeat for the constitution in France and the Netherlands will not alter the existing broadly free market strategies followed by the EU: these are legally enshrined in earlier EU treaties that remain fully in force. What the ill fated Constitutional Treaty would have done would have been to qualify, limit or modify these free market policies with commitments to social solidarity and workers’ rights – also set out in the Charter of Fundamental Rights.

The constitutional treaty would also have strengthened the role in EU policy making and decision taking of the European Parliament - the institution that has been most supportive of higher EU labour, social and environmental standards and stronger democratic accountability of European governance. That is why – for now - the de facto suspension of the treaty has strengthened rather than weakened the neo-liberal camp.

Although only France and the Netherlands have rejected the treaty to date, compared with 13 Member States that have approved it, EU institutional reform is “off the agenda” for at least the next two years – until after the current cycle of elections in key Union countries, culminating in the French Presidential election in the summer of 2007. *The strategic question now posed for all sections of the European left – but especially the social democratic parties – is where do they stand now on the future of the European Union? What is the fundamental purpose of “ever closer union” in the 21<sup>st</sup> century? Above all, for what policy objectives is the Union still essential?* The precise future shape of the EU institutions and their relationship with Member States can only be determined for the left when there are clear answers to these questions.

It is revealing that EU foreign, security and even defence policy played no significant role in the referendum debates. There is broad public support for the generally (but not invariably) progressive role the EU plays in world affairs. Even many among the left euro-sceptics acknowledge that the EU operates to different global values than the Bush Administration. This is linked to the Union’s leadership role in encouraging the global rule of law (as exemplified by its stance on the Kyoto Agreement and the development of the International Criminal Court). Is the EU beginning to fulfil an early prediction by Jean Monnet – the so-called “Founding Father” of the European Community – that “European integration is but a stage on the road to a new world order”? Its efforts have attracted growing European public support – particularly since the rise of neo-Conservatism under President Bush.

The original dynamic behind European integration was essentially about eliminating circumstances that had generated two world wars. Subsequently it was about the creation of a single internal market (and flanking support policies) designed to act as a springboard for European companies to better compete on world markets. Today the most potent pressures pushing the EU towards further sovereignty sharing have primarily to do with the contradictions and the potential of ever greater global interdependence.

The EU needs further integration in foreign and security policy if it is to sustain its leadership role in creating a global system of peace and security and as an influential advocate of a global system of governance based on democracy, social justice and economic sustainability. For as long as the 25 (current) EU Member States pursue separate national agendas, there can be no effective challenge to de facto United States hegemony. Indeed why should Washington (or Moscow or Beijing) take the EU seriously if it is incapable of forging such a common strategy?

## **Towards a democratic global governance**

A democratic system of global governance cannot be a matter for the EU alone. But other regions of the world are beginning their own process of trans-national cooperation and (potentially) integration. Witness the remarkable development of both the Association of South East Asian Nations (ASEAN) and the putative Asian region now being debated between ASEAN, Japan, South Korea, China and (most recently) India. Note also the emergence of Mercosur (Brazil, Argentina, Chile, Paraguay and Uruguay) and their developing links with the Andean nations. The African Union is beginning to play an important role in that continent. The EU is both a source of inspiration and a key benchmark for these countries as they struggle to integrate and thus redress the political imbalance in decision-making power from which they suffer – not least in the UN Security Council and the Bretton Woods institutions.

These developments should encourage European progressives to formulate a clearer strategy for European foreign and security policy, for United Nations reform and for further development and democratisation of the institutions of global governance. Put bluntly, the cause of the left in the years ahead will depend critically on the creation of effective political instruments at both European and global level to implement policy priorities. This is not just about global strategy for peace, democracy, human rights and development. It also goes to the heart of future policy for jobs, growth, social equality and sustainable economic development.

This is not about how globalisation can be evaded or reversed (as many of the “nationalist” left propose) but rather how globalisation can be better managed and regulated to ensure that enlightened social and political values prevail. In the longer run this should aim at a new model for global economic development that creates a growing space for democratic, mutualist, cooperative and other non-capitalist forms of fair trade and social enterprise alongside a continuing market economy dimension.

It became obvious in the early years of the communist movement that it was not possible to achieve socialism in one country. In the past 50 years it has become equally evident that sustaining enlightened social democracy in one – or even in a small group of countries with a relatively small weight within the world economy – is increasingly problematic. The history of Britain’s New Labour experiment in the past decade is a case in point. Whatever the failings of the continental European economies – notably those of France and Germany – very few want to emulate a variant of the Anglo-American economic model. The widening gap between rich and poor, the still backward state of the public infrastructure and many public services as well as the low savings rate and high rate of indebtedness are all regarded as characteristics of the British economy which the other wish to avoid – even though they concede there are lessons to be learned from the UK record in encouraging new business start ups and encouraging the long term unemployed into work.

The Nordic countries offer a far more persuasive benchmark for progressive EU governments looking for a way out of stagnation and high unemployment. Interestingly Finland is the most competitive economy in the world (according to judgements by the World Economic Forum and the OECD) while Denmark and Sweden follow close behind. No one would contest these countries success in maintaining high levels of welfare and sustainability. But of course their readiness to use a large, though efficient, public sector, properly funded through re-distributive forms of taxation, is critical to what they have achieved.

That said, there must be a question mark over the longer-term sustainability of the Nordic economic and social models. In an expanding internal EU and world market capital inevitably looks to move to countries with a less constraining commitment to social solidarity, strong trade unions and environmental sustainability. Warnings that existing EU wide social and environmental standards may be at risk from the new global competitors (above all in Asia) in a world economy with weak or non-existent global standards and regulation are well founded.

European democrats will want to explore ways of improving competitiveness that do not threaten their wider economic, social and environmental agenda. A critical element in the Nordic success is serious investment in education and skills allowing enterprises to trade up rather than trade down. But there are limits to this approach. It is essential that Nordic standards become European standards and, moreover, that European standards over time gradually become global standards.

This is about much more than merely balancing economic opportunity against social and environmental costs. Again, Nordic experience illustrates that investment in both environmental protection and social/welfare standards can be justified by entrepreneurial opportunity in the increasingly wealthy new industrialising countries – particularly in Asia. They have not had the time to accumulate the knowledge, systems expertise and administrative traditions to deliver these policies effectively at home. That is why Europe’s social values are global assets not global liabilities in the longer run.

The European Union’s economic and social model (more accurately *models*) will be at risk unless progressively, minimum social, labour and environmental standards become the global norm. At present we have a grossly inadequate patchwork of global agreements on human rights, including specifically labour rights, social welfare and environmental sustainability. The architecture of global governance has massive gaps in its coverage. Think only of the limited recognition of Kyoto and the lack of effective links between the World Trade Organisation (which does have some effective teeth) and the International Labour Organisation (which has virtually none).

To summarise: progressive policy priorities at the European level *and* at the global level demand a strengthening of the policy making and decision taking institutions of the Union. But popular political support for such a development for such a strategy will remain problematic for as long as EU institutional reform is seen only in terms of strengthening the executive powers of governments - whether they are exercised through the EU institutions *or* through inter-governmental cooperation at the

European level. That is why a revised Constitutional Treaty must radically strengthen the modest promise of a European demos in the existing text.

When a new text is eventually put forward for debate two major changes should be made to the present text. The first is to take out – and treat quite separately – all the purely policy issues which were incorporated from the earlier EU Treaties. Questions about what kind of social market economy the EU should espouse or strategy for economic reform as well as social solidarity and environmental sustainability should have no place in a constitution. These matters should be agreed between the Member States but they should be capable of being amended more easily than the provisions of a constitutional treaty, as and when circumstances change.

There must also be a massive injection of democracy into the EU decision-making system. The accountability of national governments on European issues to national Parliaments should be strengthened. But this should not be confused with making EU governance collectively more democratically accountable. A major extension of democracy at the EU level is essential not to rival, but to reinforce democracy at the national, regional and local levels.

The discredited Tammany Hall style system where Member State governments haggle in secret over the appointment of Presidents of the Commission should be scrapped. The emerging European political parties should not only present clear cut European policy programmes for European Parliament elections but also their proposed candidate for the Commission Presidency. At present European Parliament elections suffer from acute political malnutrition: they are not about enough. There is also a case for direct popular five yearly election of the proposed President of the European Council – who should improve coordination between Member States in areas of policy decided by cooperation rather than through legally based shared sovereignty.

The new treaty should also build on the proposals in the present text that require the Council of Ministers to take legislative decisions in public, not behind closed doors. In future the Council of Ministers should become a kind of European Senate representing the interests of the Member States. In these circumstances the current monopoly enjoyed by the Commission over legislative proposals might be shared with the European Parliament and – under precise conditions – with a citizens' right of initiative.

All of these steps represent a “politicisation” of the EU decision making system, especially the role of the Commission. A covert politicisation is already a fact of life. But it is not one which gives the citizen a sense of real ownership of the decisions which set the strategic direction of the Union. Until voters are offered serious political *choices* about the economic, social, security and foreign policies of the EU, the five yearly elections to the European Parliament will attract diminishing turnout. But it is essential that the emerging European parties not only present their competing programmes for the EU, they must also invite support for the political leadership of the EU executive.

## **Differentiated integration – or a new European “hard core”**

A future constitutional settlement must also recognise that, in a Union of 25 Member States (and probably many more in future), there is a limit to the “one size fits all” approach. Subject to agreed rules, groups of countries who wish to move further and faster down the integration road should be free to do so – always keeping the door open for late developers to join. For the left it is urgent to begin with greater integration of macro-economic policy among Member States in the euro currency area. At present euro zone policy is dangerously over dependent on monetary policy and the decisions of the European Central Bank

Of course the emergence of a European *demos* will take time. A European political culture will develop as electorates come to recognise what is properly the business of the different levels of European governance. After all there already is widespread understanding in Scotland about what is the business of Edinburgh and what is the business of the “federal” Whitehall and Westminster bodies. Over time politicians will become “European” in addition to being just “national” personalities. Above all such reforms are vital to kill off – once and for all – the perception that the European Union involves being governed by an “unelected bureaucracy.”

The democratisation of the EU system will be seen by some as federalism by stealth.” In reality it is about ensuring that democratic politics at the European level catches up with the changes in the real world. Indeed this debate about democratic governance at the European level itself prefigures the coming debate about how to strengthen and democratise global governance. People do understand the realities of deepening global inter-dependence. But they fear the process will be at the expense of their hard won democratic and social rights. That is why democrats have no option but to raise the banner of a democratic Europe leading the way to a democratic world.

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