Chapter 11
Much accomplished ... but what next?

The European Union has come a long way since the process of its construction was launched by the Schuman declaration in 1950. War has indeed become unthinkable among the member states, which now include most European countries. The preceding chapters have shown how institutions, powers, and policies have been put in place to deal with matters beyond the reach of governments of the individual states. But they have also shown that the Union needs further reform if it is to promote the interests of its people adequately in an increasingly problematic world. Now we can try to sum up what has been done and venture some thoughts about the future.

Do the powers and instruments match the aims?

The Union has been able to achieve its aims where it has the powers and instruments as well as the institutions with which to act. The powers and instruments can be legislative, such as the framework for the single market; fiscal, as with the budget or the common external tariff; or financial, as with the aid programmes, the European Investment Bank, and most importantly the single currency. Cooperation based on the powers and instruments of member states can be useful, but would not achieve much without the hard core of common powers and instruments.

The single market legislation provides a framework for economic strength and prosperity, even if it remains incomplete in some significant sectors and will need further development to cater adequately for the new economy including e-commerce and information technology; and, for member states that have adopted the euro, the single currency completes the single market in the monetary domain.

The budget has transferred resources to sectors deemed to require support, originally to agriculture but increasingly to less-developed regions and member states. While the agricultural budget has generated conflict, the structural funds to assist development of poorer regions have been more generally favoured; and the enlargement to Central and Eastern Europe reinforces the case for larger funds.

Thus the Union has many of the necessary powers in the economic field. The same can be said of the environment, where the most pressing need is to strengthen both internal and external action to limit the damage from climate change.

Social policy as embodied in the welfare state belongs largely, following the principle of subsidiarity, to the member states. That principle justifies Union involvement in some employment-related aspects of social policy, such as the prevention of social dumping by undercutting standards of health and safety at work. There is a grey area, including elements of social security and hours of work, where there is conflict between those who want to establish Union-wide standards and those who consider that differences rooted in differing social cultures should not be disturbed. Disagreements remain; but the latter view has gained ground.

While the economic and environmental aims and powers were promoted by interest groups as well as federalists, as was the free movement of workers across the internal frontiers, it was

the federal idea that lay behind free movement for all within the Union, which has been accepted, apart from transitional derogations relating to new member states, by all save Denmark, Ireland, and the UK. But all participate in measures to combat cross-frontier crime.

In the field of its external relations, the Union's powers have been designed to defend and promote common interests, which include stability in the international economic and political system. The most potent instrument is the offer of accession, hence of participation in the Union's institutions and powers as a whole. But this is available only for European states; and other means have to be used to advance the Union's interests in the rest of the world.

The powers over external trade, together with the instrument of the common external tariff, have enabled the Union to serve its interest in liberal international trade as well as to turn what was American hegemony in this field into EU-US partnership. The protectionist common agricultural policy, working in the opposite direction, marred relations with many trading partners. Reforms to correct this distortion have taken far too long, but are being accomplished by stages. A combination of preferential arrangements and aid has strengthened links with most Third World countries.

Along with this influence in the world trading system, the Union has used its environmental powers to play the leading part in international negotiations to protect the ozone layer and limit the damage from climate change.

With the euro the Union has a potentially powerful instrument to wield in the international monetary system. But until it has adequate institutional arrangements for external monetary policy, its potential, which could convert American hegemony into partnership in this field too, is not likely to be realized.

For defence, American military dominance remains a fact which the EU's incremental approach to military integration is not designed to challenge, though it serves increasingly useful purposes. It is in the civil domain that the Union can complement American power, with civilian aspects of peacekeeping and, much more substantially, through its contribution to European and world stability in the economic, environmental, and political fields. The Union is uniquely placed to ease the transition from global American hegemony to a multipolar world, in which Euro-American partnership can play an essential part. The Union needs some new powers to accomplish this, together with further reform of the institutions to enable it to use the powers to good effect.

The institutions: how effective? how democratic?

Eurosceptics tend to regard 'closer integration' as undesirable without distinguishing between transfer of powers to the Union and reform of its institutions. But these are two very different questions. The transfer of powers is justified only where the Union can serve the citizens in ways that individual member states cannot; and the Union already has many of the powers indicated by the subsidiarity principle except in the field of defence. Once powers have been transferred, however, they will not serve the citizens' interests well enough unless they are wielded by effective and democratic Union institutions.

The political institutions require a context of the rule of law, which is ensured by the Court of Justice in matters of Community competence; and this has brought fundamental change in the relations among member states.

The Council, however, is not effective enough where the unanimity rule prevails, as was demonstrated by the inadequacy of single market legislation before qualified majority voting was applied. It has become more effective now that QMV applies to the majority of legislative acts as well as the whole of the budget;

but the Nice Treaty went only a modest part of the way towards the further extension that was needed. Unanimity and enhanced cooperation remain the practical procedures where the Union depends on the use of member states' instruments, as in the field of defence. But in line with the growth in the number of member states, there must be increasing doubts about the Union's capacity to act where unanimity still applies, for example with treaties of association and accession, nominations to some major posts in the institutions, and international agreements on exchange rate arrangements.

The Commission has substantial powers to fulfil its functions as the Community's executive, though its role in ensuring that member states do in fact carry out the administration that is delegated to them by the Community is not strong enough, and too much intervention by the Council and its network of committees in the execution of Community decisions hampers the Commission's effectiveness. The Commission's own administrative culture had also become a serious weakness, but the reforms effected after the European Parliament secured the Commission's resignation in March 1999 brought substantial improvement.

The part the Parliament then played in ensuring the Commission's resignation showed how democratic control can contribute to effectiveness. But the Parliament's impact on legislation and on the budget remains limited by the treaty, which is still far from putting it on a par with the Council for either. The Council has retained dominant power over the agricultural budget, though the Reform Treaty would convert this to co-decision; and the Parliament has performed creditably on the rest of the budget, and the legislative acts that it co-decides on level terms with the Council.

The Nice Treaty did little to increase the scope for co-decision; and this was a very serious omission. For in so far as it remains incomplete, the Union will be neglecting an essential means

of securing citizens' support. Citizens are likely to become a centrifugal force unless they develop a commitment to the Union alongside that to their states; and it would be unwise to ignore the track record of representative democracy as a major element in citizenship. So long as citizens do not see the Parliament as an equal of the Council, they are not likely to regard it as a sufficiently important channel of representation. The Council, representing the states, is an essential part of the Union's legislature too. But despite the progress in holding legislative sessions in public, it remains at the centre of an opaque system of quasi-diplomatic negotiation. Representation in a powerful house of the citizens may well be a condition of their support for the Union over the longer term.

The success of the provision for gender equality at work shows how citizens' rights can also generate support for the Union. The treaty provides for a number of other rights, mostly connected with work, as well as requiring the institutions to respect the European Convention of Human Rights. The Charter of Fundamental Rights that was drafted by a convention of MEPs, MPs, and government representatives, and welcomed by the European Council at Nice, will be of help to citizens, though the extent to which it becomes legally binding depends on the enactment of the Reform Treaty. But most important of all for the citizens will be the Union's general effectiveness in doing things that are necessary for them. It must be seen to be doing such things at a time when it confronts major challenges, both internally and in the world at large; and it is more likely to do so if the Reform Treaty, strengthening the institutions with more QMV and co-decision, together with the more powerful High Representative, enters into force.

Flexible versus federal

The word 'flexible' is used approvingly in much British discourse on Europe to denote both the avoidance of excessive regulation

in the economy and, politically, an aversion to proposals, apart from completion of the single market, for common instruments and legally binding commitments such as have characterized the European Community pillar of the Union.

Flexibility in the economic sense has been successful in the development of the swiftly changing contemporary economy; and this has been increasingly recognized in the EU. But flexibility in the political sense is not appropriate for matters which the individual states are unable to handle effectively. One recent example was the avoidance of sufficient common instruments and binding commitments to provide a reliable core for the programme of the Lisbon Agenda, around which the cooperation through the open method of coordination would have had more chance of success. Another was the refusal of the existing member states to increase the size of the Union's budget for structural funds, or reduce their own benefits from them, in order to give enough support for developing the capacity of the Central and East Europeans for making their full contribution to the success of the Union as a whole, as the cohesion policy for Greece, Ireland, Portugal, and Spain had done.

A vital challenge for the longer term is also to ensure that European enterprises will be among the leaders in technological development; and in some sectors such as aircraft and satellites, this requires large and long-term investments of public money. But the progress of Airbus has been interrupted by intergovernmental wrangling, and sufficient Union support for the Galileo satellite project remains in doubt. A common European effort is needed to support such projects, which are too large for single European governments; and in so far as some member states are not ready to participate, there can be structured enhanced cooperation among those that are.

Other instances of enhanced cooperation may arise as a result of problems for some participants in the eurozone which, despite

its success in many respects, has led to reduced employment and growth for those with less economic flexibility or control over inflationary pressures in their economies. While reforms making for greater economic flexibility are particularly important, given the disciplines of the eurozone, further measures of enhanced cooperation may be required, such as a loan facility and measures to foster economic regeneration in zones facing particular difficulties; and this could provide additional momentum for a core group of states, such as the eurozone, resolved to go beyond what the reluctant British and some others are prepared to do.

A harbinger was the speech made by Joschka Fischer, 'in his personal capacity' though he was then German Foreign Minister, in which he proposed that a vanguard group should push ahead with political integration within the Union as a step towards eventual federation including all member states. This evoked significant support and was one source of the demand for the Nice Treaty's Protocol that led to the convening of the Convention which drafted the Constitutional Treaty, signed by all the then 25 member states though rejected by the French and Dutch referendums; and the IGC on the Reform Treaty indicates that there are likely to be specific measures of further political integration, through enhanced cooperation, if resistance from the UK or others frustrates too many proposals for the Union's future development. In the field of its external development, however, the British could become more likely than in the past to support adequate strengthening of the Union's powers and institutions.

A large part of the divergence between the approaches of the British and of most other member states has stemmed from the differing experiences in World War Two, which was more traumatic for most of the continental nations. So while much of the progress in building the Union has had economic motives, it was a profound desire to consolidate peace and security that underlay the major shifts towards the sharing of sovereignty, such as the European Coal and Steel Community, and the Treaties

of Rome and Maastricht. The British accepted the merits of economic integration but resisted the sharing of sovereignty, accepting only what was required to participate in the large market or to avoid losing too much political influence.

But governments and large numbers of citizens throughout the Union, including the British, are conscious of the many and various sources of insecurity in the world, and share the desire for progress towards a safer world based on a more effective multilateral system. So they may also be able to accept the implication of such sharing of sovereignty as may be necessary in order to enhance sufficiently the Union's capacity for action towards that end. Its military capabilities for peacekeeping are growing; and while it is not likely to become a great military power, it can become the world's principal peacemaker across an impressive range of soft power. It can enhance its contribution to prosperity and stability in the global economy in the fields of trade, aid, and external monetary policy; it can help, as it has shown in the West Balkans and elsewhere, to build and sustain viable democratic states; and it has led the world in action to prevent ruinous climate change. It could moreover do much, as a very great civilian power, to ease the transition to a world in which the United States will be joined by China, then India, as very great powers in the military sense too; and it can help them and others to develop an increasingly effective United Nations. All this will be significantly enhanced if the Reform Treaty, approved by the IGC in October 2007, is ratified by member states.

There is a wide consensus among member states, not least the UK, about the validity of such aims. But there has not been agreement on how to apply the Union's full weight in achieving them. A major difficulty has been the reluctance of many, again not least the British, to accept the allocation of resources to the Union and to strengthen its institutions in ways that could make it sufficiently effective; and this implies the acceptance of an adequate core of legally binding commitments and common

instruments, with institutional reform to make the Union properly effective and democratic. The word 'federal' is a convenient and accurate abbreviation for the words following 'core of' in the preceding sentence, whether or not such commitments, instruments, and reformed institutions lead eventually to a federation. The word is less important than what it represents. Its use, if properly defined, would, however, clarify thinking as well as facilitate communication with those who use it. A rose by any other name would smell as sweet. But it is better to give the rose a name consisting of one word rather than seventeen.

The British, as much as other Europeans, sense their exposure to the mounting sources of insecurity in the world today. So Britain should be able to play a fully constructive part in supporting reforms of the Union's existing powers and institutions that would enable it to realize its great potential influence towards creating a safer and more prosperous world.