



## A 25 member EU: is there a pilot in the plane?

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Ladies and Gentlemen,

Thank you for inviting me. It is both a pleasure and a challenge. If it is a pleasure, it is because I have long observed with admiration, and even a certain tenderness, your efforts to train young Europeans. This is borne out by my staff, many of whom are former students. As for the challenge, it lies in the fact that you have asked me to step outside my role as Trade Commissioner and to reflect on today's EU, which is about to undergo its biggest expansion. What I say may well rub some people up the wrong way, but the College of Europe has always been a place where people felt free to speak their minds.

I will start out by addressing an irony brought home to me by my position as a globe-trotting Commissioner. Wherever I go in the world, enlargement is seen as a major upheaval for Europe, in some cases as cause for anxiety. And this is quite understandable: in two months the EU will be the world's third biggest territorial unit. With 450 million inhabitants, we will be far smaller than China and India but far bigger than the United States (300 million), our Russian neighbour (140 million) and Japan (130 million). We already account for 20% of world trade. Enlargement will strengthen our economic base commensurately. This may not happen straightaway, given the development gap between the old and the new Member States, but it will, I am sure, happen over the next decade.

Enlargement is, above all, a thing of wonder in the wider world because it is, in business jargon, a merger, not yet another of the hostile takeover bids that have so often bled our countries dry over the centuries. More and more countries now see this mode of rapprochement within a region as increasing their capacity to withstand international turmoil.

Its political, economic and cultural dimensions make this enlargement a geopolitical project, something we Europeans have not yet fully grasped. Or, to be more precise, though we can see the effects, we have still to take the decisions needed if the enlarged EU is to succeed in areas in which the 15-member EU is experiencing difficulties, in some cases quite serious ones.

And that is the nub of today's speech: if the 15-member EU has run out of steam, how are we to give a 25-member EU a new head of steam?

Europe has run out of steam

I have said this before and I will say it again: Europe has run out of steam. Rather than painstakingly listing our recent misfortunes, let us look at the results of the latest Eurobarometer poll. Though we should not be slaves to the opinion polls, we cannot ignore them when the findings are so unequivocal. At the end of last year, barely 41% of EU citizens expressed confidence in the EU. And the trend is downwards: if the results of the sample are extrapolated, no fewer than 25 million EU citizens shifted from a broadly positive view of the EU to a negative one (or had no opinion). And they did so in the space of six months. I could give this a positive spin by pointing out that the Commission inspired more trust than national governments, but there would be little point in doing so: we are all in the same boat.

Attitudes to the enlargement are just as worrying. Rather than inspiring optimism about the future, it is not particularly popular. Indeed, in countries such as France, Austria, Belgium and Germany levels of support for it are very low, by which I mean below 50%.

And I do not think this is simply a fickle electorate's backlash against its political leaders, a passing disaffection. My fear is that the situation is far more serious, a recognition of the EU's shortcomings. The roots go far deeper than such institutional hiccoughs as the Commission's



court action against the Member States over the Stability Pact. I think it is basically a question of what we can and should do together.

I believe we have to give our fellow citizens the feeling that there is a pilot aboard the EU, that it is – dare I say it – being governed. Drawing on experience, and on what got us from the European Coal and Steel Community to the euro, I believe we need four ingredients: a strategy, instruments, organisation and an image.

### **First ingredient: A clearer strategy**

There is a glaring need for a clearer strategy. The EU's purpose has become obscure. Yet the successes have occurred when we set clear priorities and stuck to them. My feeling is that we are currently trying to do too many things at once. We need to clear the horizon for a 25-member EU.

For this, we need to get back to what the citizens actually want. They are remarkably consistent on this score. And what is it they want from the EU?

(1) Firstly, they want us to put an end to the EU's lack of growth and competitiveness. Our economies are stagnating and the long-term indicators are very clear: the population is ageing and research spending falling, with obvious consequences for technological innovation; inequality is growing because the benefits of growth, especially when it is low, are poorly divided. The first thing to do, as the Sapir report made clear, is to develop the potential for growth in Europe. What people want is a community of riches, their fair share of a bigger cake.

This calls for a few home truths. The way the EU is developing today jeopardises the entire project. In short, the Lisbon programme has not been carried out. Having created expectations, we may have to pay the price for disappointing them, without ever having addressed the underlying issue. We neither provided the resources nor defined the ambitions necessary to achieve the joint objectives fixed in Lisbon in 2000. As sometimes happens in politics, we oversold hopes and underinvested in results.

We therefore need a new Lisbon. To get one, I believe we have to create a sense of urgency and make it a major political issue. Without veering into nostalgia, I am obviously thinking of the mobilisation that brought about the single market and the euro.

(2) Secondly, the citizens want tangible proof that they belong to the EU. This means restoring the solidarity that holds any society together. And this calls, first and foremost, for proper, well-paid jobs.

We need an employment policy based on proactive and effective national education and training policies, so that everyone can develop by developing their capacities. This, in turn, demands that the major EU framework policies governing, say, the economy, employment and taxation give the Member States the means of achieving internal cohesion. I also believe that we need major investment to reduce the gulf between the continent's richest and poorest regions, a gulf that will widen with enlargement. These are essential conditions for a society which, like the EU's, is under construction: without solidarity, there will be no sense of sharing a common future.

(3) The EU must be safer and freer. More than a common future, this involves creating a genuine community of rights for all citizens. The right to move freely about a frontier-free EU is worthless if we cannot guarantee order and justice and make that clear to the people. We need, for instance, a common policy on asylum, a common policy on immigration (let us not confuse the two) and better policies on the integration of immigrants into society. Nobody believes that our 6000 km land frontier and 85 000 km maritime frontier can be managed by the Member States alone.

(4) Lastly, our fellow citizens want to see the EU asserting common interests and values more often on the international stage. I will leave braver commentators to draw conclusions about the Iraq conflict and Iraq itself. What is, however, clear is that the EU did not show up for the debate. It was quite easy for a European Commissioner to dodge awkward questions by saying “no comment: there is no EU policy”. Easy it may have been, but it bodes ill for the future.

Of course, there is a glimmer of light at the end of the tunnel in the shape of the recent consensus on the inauguration of a European foreign minister and the decisions taken of late in the matter of defence. But the world marches on, and we are having to run before we even know how to walk in two areas that are crucial if we are to act for our planet's stable and sustainable development, development and international governance.

Admittedly, the EU is not wholly invisible in these areas. At least its partners clearly perceive it as being more generous and open to dialogue than today's United States. But they also tell us that the EU is poorly organised and too slow. We therefore have to reorganise our action to make it more coherent and logical.

I see two pressing needs: one is for a truly common development policy, symbolised by the inclusion of the European Development Fund in the EU budget, the other for a single presence in such international organisations as the IMF and World Bank, without which there can be no governance. The EU can and should be “bigger” in this respect. And all this should be done in pursuit of three strategic priorities: stabilising and developing our immediate neighbourhood; working for global governance geared to development; developing our own defence and security capabilities.

As I understand the citizen's expectations of an enlarged EU, we need a community in which we share riches, a future, rights, interests and values. We must therefore return to a number of core objectives. This is necessary, and it is also possible.

### **Second ingredient: Instruments – matching means to ends**

Having redefined the objectives, we then need instruments. The EU needs to match the means to the ends. I know it is a cliché, but you have to put your money where your mouth is. I see two major credibility tests in the months ahead.

The first is the discussion on the Financial Perspectives. Programming the EU budget means identifying spending priorities and, therefore, political priorities. This spending will have to reflect clearly and credibly the strategy I have just outlined. It is not a matter of who pays for what, at least not primarily. And that issue must not be allowed to hog the debate, which should focus on the policies pursued together.

The debate is all the more necessary because the EU has not discussed its priorities since the last such exercise, Agenda 2000. This has not been not for want of opportunities, among them the enlargement or the Convention on the Future of Europe.

So the debate on the Financial Perspectives must be that discussion. Let us hope that our Member States rise to the occasion, since these financial perspectives will effectively constitute the EU's political contract for the period to 2013. Such is the tenor and ambition of the Prodi Commission's proposals to the Council and the European Parliament.

The second test is the modernisation of our economic governance. This is the other new vector for action in pursuit of growth and full employment. You are familiar with the discussions that swept the economic and budgetary EU late last year. Now that everyone has calmed down a bit, I reckon there are two questions:

(a) The basic question is whether we are satisfied with the macroeconomic rules of behaviour laid down by the Stability and Growth Pact. As you know, many people, myself included, believe

that driving safely and avoiding accidents calls for more than traffic lights, safety barriers and give way signs. As recent events demonstrate, the car also needs a driver and a gear lever. We need to improve our macroeconomic driving, inter alia by reviewing certain rules of behaviour .

(b) The second question concerns the political will: before making it a procedural issue, let us first accept that a common currency calls for a common approach. We need to break the weird species barrier that dictates that finance ministers are incapable of deciding together what is in the common interest. The consequences of this are clear: every year the main economic policy guidelines gain in microeconomic breadth what they lose in macroeconomic depth. If we raise our game and take the behavioural plunge, as we did when we created the euro, the second pillar of a dynamic economic policy will succeed where the Lisbon agenda failed.

### **Third ingredient: Organisation – efficiency and legitimacy harnessed to a project**

Having defined objectives and matched means to ends, the EU then has to review its organisation. That is the third ingredient. If I have put in third place, it is because organisations, institutions, exist to serve a project, and not vice versa.

It is the lack of a project that has, over the past ten years, caused successive revisions of the Treaties to get bogged down in the institutional small print.

The fact is that we should have completely overhauled our procedures a long time ago. From this point of view, the Convention was a good idea. However, the lack of a common project capable of transcending petty politicking means that the institutional discussion has too long been dominated by a false debate between two ideological extremes. In the one corner you have the Eurosceptics, who, because they see the nation state as the only level at which political responsibility can or should be exercised, regard any effort to build Europe as inherently illegitimate and undemocratic. And in the other you have the federalists endlessly banging on about a federal government answerable only to a truly powerful European Parliament.

Whatever our views on these two extremes, neither meets the European citizen's current needs. The Eurosceptics are asking us to commit economic, and possibly political, suicide in a globalised world. And the Europhiles would have us risk sacrificing improvements to today's Europe for a dream Europe tomorrow or, as is more likely, the day after.

So, let us leave these two extremes to one side and open a more nuanced debate on the democratic deficit, and indeed on the dual axiom of legitimacy and efficiency. I am convinced that an EU which is democratic, and therefore perceived as such by its citizens, is one that can vest itself not just with the formal attributes of legitimacy but with decision-making processes capable of delivering the results that public opinion demands.

One option, therefore, is to make each of the European institutions more responsive to the citizen's needs. The Commission should be more accountable for its actions, for instance to the Council and the European Parliament. And the Council has to simplify its decision-making procedures and guarantee their efficiency. The solution here is the double majority, whereby 60% of votes in the Council – the position currently advocated by the Commission – and a majority of the population are required to adopt a decision. For its part, the European Parliament has to be formally empowered to legislate alongside the Council.

In short, the IGC needs to deliver an agreement as soon as possible, and I mean as soon as possible, given the sores that have been festering in Brussels since December. The Irish Presidency has wisely avoided hastily reopening the discussions, taking time to think and consult. If we are to prevent citizens from losing interest in the EU once and for all, we must, however, make sure that the institutional decisions are taken this year, if possible in the next six months, and ideally before the European elections.



Last but not least, we have to make sure that the final document is simpler, more comprehensible and more user-friendly. In principle, everyone is in favour of this. For pity's sake, let us stop the IGC from taking the better bits of the Convention and making them unreadable by yielding to the temptation to make cut-price compromises. Clarity must remain the watchword.

#### **Fourth ingredient: An image – giving the EU a face**

I have now come to what I see as the fourth ingredient needed to get the EU out of the doldrums. The European political system is bland, it has no savour; it is, as a chemist would put it, odourless and colourless.

In other words, it lacks political oomph. Let us be frank, the machinery exists, but it is soulless. Because the EU communicates badly with its citizens, it fails to engage their interest. Without a “demos”, democracy cannot work its magic. We therefore need to give the EU a face.

This is ironic, considering that we have all the trappings of a modern political society. We have a Parliament directly elected by its citizens, something no other group of nations states has. Our political institutions have become more transparent in every way, chiefly under the influence of the Nordic countries. We probably have as many lobbyists as Washington. We have every conceivable NGO. We have European federations for employers and trade unions. There are over a thousand journalists from all over the world accredited to the Commission, making for the world's biggest press room. Following the trail blazed by the College of Europe, universities all over Europe are now dissecting and analysing EU institutions and issues.

Yet the EU – despite all this – remains politically inscrutable and invisible. Working out why would be a life's work, so I will just outline a few reasons and encourage you to write dissertations and theses on the subject.

To my mind, the main factor is the lack of political debate on what the EU is and does. My experience has taught me two things.

The first is that our political leaders have avoided talking about policies and politics for far too long. You might wonder why.

The first problem is that neither of the two main groups in the European Parliament – the EPP and the ESP is much more than a distant relative of the national parties: they are cousins rather than brothers. This may change as the European elections draw near. I hope it does. The truth is that political labels do not travel well. It is as difficult as ever to get a Swedish Social Democrat to agree with an Italian Socialist or a British Conservative with a Belgian Christian Democrat.

Secondly, EU politics may, ironically, have fallen victim to the European consensus between social and Christian democrats. This consensus has been invaluable in getting European integration where it is today. But it has also meant that, give or take the occasional referendum, EU citizens have never felt that they were discussing the pros and cons or deciding what they really wanted from the EU. This, if the polls I cited earlier are to be believed, has had grave consequences.

Another conclusion I have drawn from my 14 or so years in Brussels is that the EU needs a double dose of political legitimacy, a double dose of political oomph. This is not because the EU is inherently illegitimate, but because we are further away from the citizens and voters than the national governments. And every time we reopen the tired debate on the Commission's powers compared with those of the Council, their attention drifts further away. I am not disputing that these are fundamental issues. Indeed I have very firm views on such questions. They do not, however, play well with the voters, who just switch off!



There is no one answer to so complex a problem. You cannot create “political life” out of nothing. I would, however, suggest, to get the ball rolling, that the first European Council of the 25-member EU take time to deliberate and innovate in an area that, strangely, it has never discussed before. It should devote a whole day, or a whole Council session, as every political instance should do from time to time, to discussing how the EU might be given a clearer, more political, more vibrant image.

This image should convey the message that the EU adds real value. It is not enough to talk about identity and values. As the London-based Centre for European Reform has suggested, we should perhaps give the EU a more down-to-earth mission. This useful role is, to my mind, the response to hopes for a true Community. And what is that role? The role of the EU is to guarantee prosperity, stability and security to citizens and states that cannot achieve them on their own. This is the slogan that an extraordinary European Council should adopt.

## Conclusion

My commitment to the EU has evolved over the years. It has lost none of its strength. It is more concentrated. It is crystallising into a less philosophical, more political and practical project for the EU.

What we have achieved over the last fifty years is nothing short of a paradigm shift in the international system.

No doubt because we already used to the reunification of Europe, we have all forgotten just how crucial supranational governance based on peace, harmony and democracy actually is.

To finish where I started, my duties as Trade Commissioner mean that I actually spend over half my time outside Europe. I get to see the EU from the outside. And on my travels, people often ask hopefully whether the EU can really be a test bed, a model for regional integration projects in south-east Asia, Latin America, Africa and the Gulf. And I tell them, naturally enough, that it can if they are ready to learn from our mistakes as well as our successes. In some areas, including trade policy – no credit to me, I inherited a good system – our strategy, our organisation and even our message are clear. In other areas, our contribution to global governance is, frankly, less obvious.

So there are two major, concurring lessons. The EU must be fuelled by vibrant debate, and it must at the same time reach compromises resulting from a genuine process of joined-up political decision-making.

Only by doing this can we execute the figurative last will and testament of Jean Monnet, who ended his memoirs by saying that the sovereign nations of the past no longer provided a framework for resolving the problems of the present, and that the Community itself was just a step on the road towards the forms of organisation of tomorrow's world.

The “tomorrow's world” Jean Monnet was talking about is yours, the world you have to build. Do not give up on it. Without you, without more Europe, the world will be a worse place. I hope that you, too, dream, as I did when I was your age, of a better world.

Thank you.