

## Beyond the EU: a European Commonwealth and a new world order



*Speaking about Europe, **John Palmer**, member of the governing board of the European Policy Centre in Brussels and one of the most influential experts on the EU, makes no secret of his personal relationship with the European project. Perhaps because of his Irish and, in his young days, Trotskyist background, Palmer's initial reason for supporting the European integration was a "united socialist states of Europe" that would challenge the dominance of the nation states. While the socialist hope later gave way to the realization that there is no coherent alternative to a mainly market economy with a strong social and environmental dimension, Palmer remains a committed pro-integrationist with a vision that goes well beyond the limits of today's EU.*

*"My father fought in the Second World War. I saw the destruction of London, but he told me it was nothing like in Berlin, Hamburg, Dresden... So I felt emotional disposition to look to Europe which would avoid war in future," Palmer admits. Taking departure in those personal experiences of the past, John Palmer talks to The Baltic Forum's **Victor Makarov** and **Eldar Mamedov** about the future of the Union.*

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### **The EU has not been a failure**

**Is the pro-integrationist disposition that was provoked by the great wars withering away as generations change? The mood today is much less enthusiastic...**

It is perfectly natural that young people should not have memories about the wars and divisions of the past. Why should they? They take Europe for granted. Latvians work abroad, travel, they take Europe as something that belongs to them - not in terms of politics, but living. One can celebrate that a generation coming to maturity is not suffering from the angst. Maybe in the Baltic States there is still some worry about a certain next-door neighbour, but in general - the decline of insecurity and fear must be a good thing.

**The EU has been though some notorious failures - the stillborn Lisbon strategy, the failed European Constitution, no common EU foreign policy on crucial issues... In many aspects, the EU looks like a political dwarf. If we do have an EU budget today, it feels more like a miracle than like a natural outcome. Is there a future for a union like this?**

The EU is so much a part of our lives, that as it is difficult to see dramatic moves towards federalism, it is much more difficult to imagine disintegration, because of the elements of interdependence created not by Brussels, but by the kind of lives we live, market places, information technology, communications, people's movements, interchange at so many levels. What today is a British or French company? Does it exist? Boards of directors, civil society, cross-border cooperation - ignoring the high politics, everyday life is a massive tribute to integration. The more interdependent we are, the more difficult it is to imagine a regression.

There are some serious problems, but they shouldn't be exaggerated. Take the common foreign and security policy (CFSP). I am very critical of weaknesses: we have still no European foreign minister, no common diplomatic service. But if I compare what is CFSP today with what it was when I first came to Brussels in 1975, then there was no such thing. Now on 95-98% of

the United Nations resolutions, the 25 countries of the EU take the same stance - that was not the case before. The EU has left its influence felt in several limited, but important ways.

If you were a Macedonian, you would have been aware of the very important role of the EU in preventing civil war there. Disarmament and pacification of Aceh province of Indonesia is another example. Of course, a huge amount more needs to be done. More pressures and challenges lie ahead, but enormous progress in historical terms towards the CFSP has been done. Now we have a common arms procurement agency, integrated common forces. Both Britain and France nowadays commit more resources to European defence integration than at any time in history.

In economy we have challenges, but let's see it in proportion. Europe is one of the most prosperous parts of the world. The balance between economic growth, competitiveness, social cohesion and sustainability is very imperfect, but it stands comparisons with any others. On balance, it's superior to the United States. The modern way of looking to economy is to look at it holistically, not narrowly. If you look at growth, Kazakhstan is probably the fastest growing economy in the world. But you've got to look into cohesion, living standards, innovation, and above all, sustainability. There are important challenges in getting this balance right. We are not yet there. But even narrowly on growth - Germany, France, Italy are starting getting around, sometimes there are cyclical problems. But we have a longer term structural problem - innovation, moving to knowledge economy. Here we have to look North - the most successful way of combining competitiveness, knowledge and innovation is found, probably, in Nordic countries.

Other economies are more vulnerable than the European. China faces huge internal challenges. India looks more impressive than China in the longer run, but still has problems. So we shouldn't be paranoid about our shortcomings. Yes, they are serious, but the EU has an important possibility of moving forward. On the service directive, for example, there is a political argument, process of political conflict and consensus. I think we are getting it right on the service directive, as the Bolkenstein directive (on internal market services - ed.) was far too insensitive to public services.

### **So it has not been a failure?**

Certainly, not a failure. Recently, I was in a house in London with a wooden office built by a Latvian company. The famous Polish plumber is everywhere and that is excellent! So is the Bulgarian electrician. But when it comes to health care, we need special safeguards. It's not commercial services.

As regards the Lisbon strategy, we do have a serious problem. All final decisions are taken by member states. They take them, but not implement them. So there is a dilemma: our member states establish more and more ambitious decisions. For example, the Lisbon strategy is full of commitments on energy policy, but it depends on the capacity of the member states to deliver. So the question is whether the method chosen - intergovernmental cooperation - is good enough to deliver the results they want? One example: in the field of internal security, justice, "Tampere agenda" (all matters of policing and justice) - they tried it, they failed, and now try to do it through collective legally based community law. Important aspects of energy policy and the Lisbon agenda will have to be carried out by a different method - mainly through the legislative method, the community law, but it will take another year or two.

### **Who is to blame for the failures? Is it the European bureaucracy, as many seem to think, or is it the national governments which are so obsessed with their national agendas? And how should the EU change in order to improve its performance?**

Let's be clear about European bureaucracy. It is tiny. Edinburgh city council has more staff than the European Commission. The Commission is given tasks, but not always resources to fulfil them. There is a problem of corruption. If member states fail to use agricultural subsidies, Brussels gets blamed. Also sometimes the Commission is denied human resources to manage

aid overseas. The main problem is that the member states determine objectives, but are reluctant to give decision-making authority and powers to achieve what they want. It's not more supranational powers for new tasks. No, it's for the existing tasks!

The problem is that we have two generations since the "founding fathers" who have taken the EU for granted, used the EU as a piece of political theatre, in which they fought for national interests, creating the impression that Brussels is "the other."

Another problem is the governments' reluctance to see sovereignty sharing. But without it, it's impossible to achieve policy objectives they've set. So they set more collective objectives and ambitions, but not capacity to achieve them.

Another issue - sooner or later the governments will realise we have to move forward, it's in their interest. But the bigger problem is accountability. Citizens do not see much of it from the powers that be. They don't distinguish between government and Europe. How can we create a transnational demos? We have European Parliament, but parties still do not act as European parties. I call them adolescent parties. The parties have yet to develop as European parties. We have national elections so far. That is essential of course, but at European level, also, why not have European elections on the same day in Latvia, Greece, etc? The lists should be, at least in part, transnational. The candidates must be selected by each political group to represent different nations that make up the community. We already do so much at European level. This is not to weaken the national democracy, it is to strengthen it.

### ***Give the peoples of the EU a meaningful political choice***

**Is it wise to press on with the European Constitution when there is no "European demos?" Maybe we need another convention, this time elected directly, to elaborate another treaty?**

First of all, we do have a serious problem. 16 countries voted "yes," two of them - in popular referenda. Two have voted "no." Therefore, there is a democratic problem whichever way we go. If we go forward, people will say we ignore Dutch and French voters; if we don't, we ignore those who voted yes. So we've got a problem. I think we need to look at how we can strengthen the understanding of what constitution is and what it is not. The areas of difficulty, certainly in the French case, have to do with the perception that the treaty is a recipe for "neoliberal vandalism." Why do people think so? Because Part 3 of the Treaty incorporates previous treaties, and it uses the language of the marketplace, which in reality has been qualified by various policies - social policy, environmental policy, regulatory policy, etc. We need to look to the Part 3, maybe with a set of explanatory statements, possibly with some amendments, but this does raise the issue of ratification. So we need to spell out, more clearly than has been done in this text, our commitment to sustainability, social cohesion and regulation of all kinds. If that happens and if we get political change in France next June, I think you'll see an important shift in opinion. It may be that some "no" voters will claim victory. It may be that Mr. Fabius will say "now they admit their free market approach was wrong. You see we were right." We may have to tolerate this as part of the circumstances surrounding a possible, pro-European, Socialist victory in presidential elections in France. In Netherlands the problem is more complex, but, again, you have to see political changes in Netherlands, elections are coming up, the pro-European Labour Party looks likely to win, therefore there is a good prospect of shifting opinion there.

**But are the different peoples of the EU ready to trust each other in a common government? The Danes don't want a French president of Commission; they don't trust the French to govern them, they could say "we have our own, different values. We don't want you to rule us."**

In Philadelphia, where the Americans created their constitution, there was a debate about the federal president elected. Those in favour were defeated; it didn't come about for another 30 years or so. And it was defeated, because, in the words of a delegate from Rhode Island, "this

proposal is ridiculous. No gentleman from North Carolina has anything to do with Rhode Island and will vote him not." They had different cultures, but also different languages at the time, people forget it. German was spoken widely. There were three official languages in the US, only through a qualified majority they've got a single federal language. So, the problems are true, but they should not be exaggerated. If we have strong, active transnational parties in which personalities from different member states are identified and play a role, I think within 2 or 3 elections people will be much less shocked about different nationalities. I remember when Jacques Delors enjoyed great respect in Nordic countries, because he fought for social policy. And Delors won a lot of respect even in Britain, because he was a very strong leader. So it's not impossible. Of course, we'll be living in new polities in which we live with each other anyway, so it's time to know each other better, it will take time, several elections, before it is entirely normal. But parties have got to be able to campaign sufficiently strongly and say "look, we have this Union, where do you want it to go"? We want to give the peoples of the European Union a sense of real political choice.

Let me come back to this point. Something rather frightening is happening to our national politics everywhere: I don't know about Latvia, but I can tell you about most places. People feel disengaged from national politics, from national parties. Membership, voting turnout is in decline. The public opinion standing of national politicians of all parties and all governments is in a very poor position. Why? Globalisation has transformed the environment for our national politics; it has reduced possibilities for any one country to have radically different policies from globalised environment. That has had an effect of pushing national politics into smaller space. This is true in the case of the "grand coalition" in Germany, it is true in the House of Commons in the UK; in Denmark the conservatives have adopted completely social-democratic policies. What's the difference? When we look into big decisions we have to take, there are more and more issues to be decided at European level, either through European law or intergovernmental cooperation. What kind of global foreign and security policy we are going to have? What sort of social and economic model are we working towards? American? British? Nordic? Gaullist? There are real choices here. It seems to me, if we don't give European politics the capacity to debate these issues, it will be the national politics that will suffer, not the EU. The EU will stay on, but it will not be loved, people will be alienated from it.

### ***Beyond the enlargement***

**Let's talk about enlargement now. With the current governance capacity it's almost impossible to successfully enlarge beyond 27 countries. At the same time denying enlargement to the Western Balkans and Turkey could have potentially disastrous consequences for stability and reform there. Should the enlargement be postponed until the EU solves its institutional questions? Or should there be a political strategy of enlargement that goes in parallel with institutional reform?**

We need both, and we need to defend the concept of continuing enlargement, especially to the Balkans. That will in reality be linked to the extent of further integration. This is why I think there is a number of critically important rendezvous in 2007, 2008 and 2009. 2007 is the beginning of the new discussion on constitution, 2008 - Bulgaria and Rumania by then are in, 2009 - mid-term review of the financial perspectives; fundamental decisions about budget are to be made, since the status quo is not credible in the longer run. The combination of all these rendezvous up to the new 2009 Commission is a period when an answer to your questions will have to be more or less given. That is to say, the nature of our governance, our budgetary resources, some of the demos issues linked to it. If we get those decisions we might have a Union able to complete the enlargement to the Western Balkans. Let's put Turkey aside for a moment. It should certainly include Turkey. But I think that even with such changes to expect the Union to be able to continue classical enlargement all the way to the Caucasus is unrealistic.

Now there are two alternatives, and they are not good enough. We need a third way. One is that classical enlargement continues till Vladivostok. It's difficult to see. The second thing is that we choose friendship, cooperation and neighbourhood with our neighbours to the East, which means what? Next to nothing. The third thing is that we envision something that can be called the European Commonwealth, which has some similarities with the EU, but is less ambitious

in terms of internal integration. What we have to begin to think about is some limited forms of sovereignty sharing and collective institutions that unite an enlarged Union with wider neighbours, maybe in two configurations: one to the East, and the other Mediterranean, because they are different. We have very serious problems emerging with Mediterranean, which requires moving beyond the Barcelona process. Ukraine, Belarus, Moldova, Georgia, Armenia and Azerbaijan - we have to envisage something that has some elements of limited supranationality, some elements of collective decision-making built into it.

Now the response in Brussels is "we can't do this much". We have to deal bilaterally with each country and have a cooperation agreement. But they want joint decision-making; they want to become not recipients of the EU policies, like Norway, which now realizes its mistake. They want to be part of some decision-making. If such a commonwealth existed, I don't know whether Turkey might take the decision which is "we want to go through all the changes that are needed for membership, and if we get there, we may want something else". My Turkish friends say they would quite like to be in a position where they can take decision themselves. We have made the transition, we crossed the Rubicon towards the EU, to the European system of values, law, economy, etc. Now we are not demanding full membership, we are going to negotiate what is the optimal form of relationship for us. So by 2009, when we'll be closer to a stage of setting dates for Balkans (2015-2020), we'll have to have beginnings of European Commonwealth strategy, the new neighbourhood or whatever you like to call it. I like to call it European Commonwealth because it implies some collective decision-making and institutions. It would set itself certain, limited but important goals that have features of a Union - common economic area, common area of security, common area of legal principles, common area of maybe research and development - but not the detailed integration of the many other domestic policies which have been agreed and are being implemented in the present European Union.

Besides relationships with its neighbours, the Union is going to face major decisions about global governance. The pressure is from China, India and Brazil. There is a new configuration of power and an immense pressure to strengthen and reform the existing institutions of global governance and creation of new ones.

For example, we live in a global labour market. The idea of keeping people out is just crazy, it's not going to work; there is no "fortress Europe," nor fortress Latvia from immigration in the future. If you have a free market in telecommunications, you'll have a free market of people, too, sooner or later. You can't distinguish between the two. Therefore we will have to have an international agency regulating and protecting rights of migrant temporary workers, just like we have World Trade Organization (WTO), International labour organization, International Monetary fund, etc. The global labour market - it has got to have to happen. The reform of the UN, the Security Council, of the Bretton Woods institutions, the climate change, reinforcement of Kyoto, further strengthening of international criminal court, bringing US, Russia and China there - will all be huge international issues within the next two decades. So there will be new pressures on the EU to get its act together. The exogenous factors will create a whole new set of pressures on governments. Policymakers are becoming aware of this. Some say: "maybe we have to do more at European level, because we'll have to find some collective responses to the new questions of global institutions".

### **How can Europe be a player in a larger world that contributes something special, something unique that others do not have?**

What the EU has done is already a benchmark. I don't say "a model." A benchmark for what other regions are trying to do. ASEAN is moving forward, to common foreign and security policy, they are beginning talking about Asian currency. There is a debate even between ASEAN and China, Japan, Korea about what it could involve, which was absolutely unimaginable even 10 years ago. The coming dollar crisis is pushing the ASEAN+3 debate further. They have surpluses and they have to have their money back. In Latin America, we have the Mercosur with all its problems; we have the debate within NAFTA between Americans on the one hand, and Mexicans and Canadians on the other about the common policy on migration and environment. Even the African Union which is the weakest, nonetheless, with South Africa, Nigeria and some other countries, is beginning to move. So there is an impact there. Certainly,

others are looking to the EU not to find solutions, but to be the partners in reshaping the global system. And they see a coalition with the EU as a decisive factor in shaping a new world system.

This vision is about a global union. Jean Monnet said in 1954: "European integration in itself will only be a one step on the road towards a new world order. And that was in 1954."

### **We might see this vision materialise - in 100 years or so...**

I think even shorter. Some of the elements are there, although in an untidy, chaotic and frustrating fashion. I couldn't disagree more with people who talk about the age of empires. Look at the US. It's powerless in Iraq. They are weak, the recruitment of soldiers is collapsing, the National Guard recruitment rate is gone down by the third, they haven't got the resources, human intelligence (I don't mean they are not intelligent people), the political intelligence. The debate in the US is extremely radical. I see more polarized American polity than in any other country in the world. This is a new phenomenon, and it has to do with the end of empire. Where would the other empires come from? The Chinese empire? Forget it. If they manage to keep China together, it will be a miracle. Their success is breeding the fragmentation. The days of empires are past. Fukuyama is worth reading now, because he thinks he was fundamentally wrong with the end of history, and Fukuyama's new book is about the end of empires. But this is a potentially dangerous period. It's always the most chaotic and dangerous. The rise of empires is not so dangerous. It may be bad for liberty, but it's good for stability, they often provide periods for stability. But in a new post-imperial world we need a new kind of political structure. For that, it seems to me, we have to move towards system of progressive democratic global governance. Here, the EU and other similar blocks are building blocks. Not separate blocks, but bound together by international rules and strong multilateral institutions. I see the European future through the optic of a new global order, rather than constantly rehearsing the tired old arguments about "how do we get France and Germany not to fight each other." They are not going to fight each other anyway. So we need to change the locus for the European case, from internal to external.