

## **European Ideas Network**

### **Think Tank Cooperation 2007**

# **TF 3 “EU Governance and the Challenge of Enlargement”**

## **INTRODUCTION**

After the historical enlargement of the EU by ten new Member States in May 2004, the present structures of European governance no longer seem appropriate to deliver adequate results regarding three goals of a “magic triangle”:

- (a) further integration,
- (b) further enlargement, if agreed upon, and
- (c) sustained governability.

With “governability” we mean not only policy-making procedures that efficiently deliver results (output-perspective) but also procedures that effectively ensure democratic participation, accountability and transparency (input-perspective).

This perspective was behind the constitutional process that led to the Constitutional Treaty, its ratification in a certain number of Member States and its rejection in others. Those aims are not to be forgotten. They remain the target of the present reform treaty.

Yet the central question remains how the European Union and - the Europeans nations all together - will be able to face the challenges of the future in a world of fierce economic competition, vital strategic threats (as terrorism, energy supply, environmental change) and sweeping technological and cultural changes:

- (a) the increased competitiveness of emerging economies in the fields of high-tech, B/B services, academic research, in the “creative hedge” of the economy Europe thought once to have a shared monopoly with the US and Japan ;
- (b) a more protectionist approach to world trade and foreign exchanges among all the main trading partners of Europe, including the US, China, emerging India...;
- (c) increased oil prices and fierce struggle for energy ;
- (d) uncertainty concerning Russia ;
- (e) instability and threat throughout Middle East, with growing worries about the path followed by Iran and Pakistan ;
- (f) increased - and sometimes brutal - criticism of “western values” and western positions in world affairs.

As independent think-tanks and foundations, we support the institutional compromise reached under the German Presidency. The new text has good chances to clear the way to new approaches of the European process:

- (a) less focus on creating a (largely theoretical) constitutional order in Europe, leading public opinions to believe that a European “super-state” is on the way ;
- (b) more attention devoted to effective decision making (majority voting), new forms of enhanced cooperation, for example immigration, environment, research, higher education.

The door to a new kind of European pragmatism is open. This provides a new impetus for forward thinking. The coming reform treaty has to be seen not as a final text but as a timely arrangement, a first step forward, an instrument to reach new solidarity among Europeans in the field of:

- **global competitiveness:** the failure – at least in terms of timing – of the over-ambitious Lisbon Agenda has created the need for a more pragmatic approach in the field of information technologies and converging technologies (nanotech + biotech + information tech): increased investments in research, training and retraining is needed. Mobilization of the private sector is a key factor of success.
- **environmental policy:** further steps in the Single Market are urgently needed to create a genuine European market of environment technologies to can articulate

- corporate responses to social needs. Additional taxation and more cumbersome regulation are not a good starting point in that field. Further collaboration with the US - where the biggest investment in environment takes place - must also be considered.
- **immigration:** the Union still lacks the basic principles of a common immigration policy despite the provisions made in the Amsterdam Treaty. Common criteria to grant visa, asylum and immigration are needed as the Union is a territory without internal borders. Additional solidarity with the member countries at the external border of the Union is also needed. Additional resources of the Union should also support national actions aimed at better integration.
  - **security:** in a broader sense, European security should include environment, social economic security, energy, dialogue between cultures, stability and development in the extended neighbourhood of Europe (including Sahel, Central and Southern Asia).

**The use of a more flexible form of “enhanced cooperation” will increase workability and acceptability when new policies will have to be devised and quick-started.** By permitting the formation of enhanced cooperation networks, the costs of future integration and enlargement can be reduced as follows<sup>1</sup>:

- Decision-making costs (costs of finding consensus) will decrease due to the voluntary cooperation of those members who genuinely agree that further integration is in their own interest ;
- External costs (the costs of being forced to accept common policies that do not meet member states’ preferences and capabilities) would be reduced significantly. Enhanced cooperation of the willing and capable (implying more homogeneous political preferences) would lower external costs because countries can search for

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<sup>1</sup> For a more detailed analysis of flexible cooperation based on a constitutional economics yardstick of minimising decision-making and external costs, see Wohlgemuth/Brandt (2006). These authors also advocate a more radical form of flexible integration (and enlargement) based on a “hard core” *acquis* which would be obligatory for the whole Union (and which would be partly less comprehensive and partly more comprehensive than the existing *acquis*). The resulting policies would be subject to enhanced cooperation of the willing and capable, based on a “clubs-within-the-club” structure). The paper can be downloaded at : [www.eucken.de/publikationen/diskussionspapiere.htm](http://www.eucken.de/publikationen/diskussionspapiere.htm)

cooperation in those functions in which they have a real demand for cooperation, and they are not forced into cooperation with respect to functions on which they want to stand alone.

**The Union must nonetheless keep and defend an obligatory core common to all members.** However, this core should not be a group of countries pretending to agree about everything, rather it should consist of issues on which all members genuinely agree, above all: the need to preserve and extend the Internal Market and share some solidarity. Apart from this core (which ought also include more than is the common core today: migration, police, defence), there should be room for voluntary choice (possible voluntary cooperation). However, we do not want this choice to be restricted to an all-or-nothing way, but differentiated issue by issue, according to national capabilities.

## **ENLARGEMENT – the internal cohesion of the Union at stake**

### 1) Basic Presumption

We want a strong European Union with common policies internally over a wide and extending range, a Union able to speak with one voice and acting in common on the international scene, based on a common foreign -, security and defence policy.

The prerequisite: institutional structures which – beside the indispensable political will – secure the Union's ability to decide and act efficiently as well as to develop the integration process further in order to meet new challenges (e.g. energy supply and energy security).

### 2) The indispensable internal cohesion of the Union

The first and crucial condition for attaining the above objectives is an adequate and strong degree of internal cohesion – political, socio-economic and cultural.

Internal cohesion in the above sense is a pre-requisite for the following, mutually linked and interdependent aspects:

- a) the development of a “European Identity” in the sense of a politically effective perception of common interest and fate.
- b) a climate of political confidence as a pre-condition for the readiness of Member States to transfer national competencies to the Union and to exercise them in common in the institutions by way of majority voting in the Council and the European Parliament.
- c) The shaping of common policies which necessitate sacrificing partial national interests.
- d) The effective realisation of the explicit treaty objective of “Social and Economic Cohesion” among all Member States. This objective has, as a consequence of the latest enlargement, gained a new dimension and significance and it demands a readiness to “share”, i.e. transfers from the richer to the poorer Member States for a lengthy period of time. The realization of this objective will in turn affect the general political climate in the Union and its efficient functioning.

Furthermore, attention must be drawn to the fact that the multinational nature of the Union, a construction based on sovereign Member States, and the lack of a single structure of governance, render the existence of a strong degree of internal cohesion the more crucial.

It goes without saying that the consecutive enlargements of the Community/Union from originally six to today’s twenty-seven Member States have unavoidably increased the Union’s internal heterogeneity and broadened the spectrum of divergent, if not contradictory interests. Thus the internal cohesion may today be considered as stretched to its limits.

The Union has to guard itself against ideas, according to which the size and further extension of its territory and demography equals growing power. The very opposite might well be the result. Furthermore, the efforts of institutional reform and adaptation have as yet hardly been up to the challenges of the enlarged Union.

It is before this background that a discussion on the Union’s borders and its integration capacity concerning new members has recently gained significance and gathered speed. Criteria for measuring the Union’s integration capacity have been agreed in the report of

Task Force 6 in 2006 and been reflected in the Lyon conclusions. As formulated by the Task Force the criteria defining the Union's integration capacity should be based on the following parameters:

- The impact on the nature of the European project – how would it be affected, can it be preserved and the momentum of integration maintained? Priority is to be given to the consolidation of the existing Union.
- The effect on identity-building, i.e. the impact on internal cohesion with its different aspects and the preservation and strengthening of the “We” feeling.
- The candidate member's political and social compatibility with the values and structures of Member States and the Union as such.
- The acceptance by the people, i.e. effect on the identification of citizens with the European project.
- The impact on the functioning of the Union, i.e. its ability to decide and act efficiently.
- The specific challenges that the candidate country poses (e.g. size) and its impact on the internal balances of the Union, including the financial implications (agricultural and structural policies).
- The impact on individual EU policies and strategies.
- The impact on external and internal security: a pre-eminent function and aim of the Union is to contribute to external and internal security. The question of a secure Union is therefore crucial. In the context of extending the external borders, the potential security risks have to be given special attention.

For the years to come, consolidation of the enlarged EU should enjoy absolute priority. Consideration might be given to the possibility of a freeze for a certain time of any further major territorial extension of the Union.

Though the democratic, political and socio-economic stabilization of the Union's closer and more distant neighbourhood remains of utmost strategic importance for the Union itself, enlargement can no longer be considered the main and only method to reach this aim. The idea of “membership or instability” has to be abandoned, if one does not want to put at risk the Union's future viability.

New forms of close and cooperative relations with partners short of membership have to be envisaged and elaborated. They should open the door to participation in some or most functional fields of the Union's integration process, they should be contractual as well

institutionalized, have a long-term character and, needless to say, be based on a balanced mutual interest.

However, clear and strict institutional limits have to be observed. Engaging in such partnerships, the Union has nonetheless to preserve its decision making autonomy, i.e. its institutional integrity.

Otherwise, the risk of a further weakening of the internal cohesion of the Union and an increase of centrifugal forces would unavoidably enter by the back door.

Thus, tailor-made forms of neighbourhood and partnership arrangements should offer the possibility of participating in the functional integration processes over a large area with adequate consultation rights, but no co-decision and without an automatic membership perspective. Care should also be taken that institutionalized consultation procedures should not result in complex and non-transparent constructions and procedures, which might finally affect the efficiency and autonomy of the Union's decision making.

## **Annex 1**

### **Neighbourhood Policy**

The European Union's (EU) neighbourhood policy constitutes an important component of the Union's soft power projection capability. It is directed towards a series of countries that are not member states. However, the EU's neighbourhood policy need not necessarily be seen as a final alternative to full membership. States affected by the EU's neighbourhood policy may or may not eventually accede, on the basis of their successful performances, as well as because of a variety of other potentially mitigating circumstances and developments.

The EU's neighbourhood policy ultimately has a twofold aim: To strengthen the Union and create another group or "club" of countries sharing and respecting European values, principles and practises. For these goals to succeed, it is absolutely imperative that the institutional integrity of the Union is strictly observed and maintained in all facets and actions of its neighbourhood policy.

In addition, the EU can pursue a multi-level approach for various countries on the basis of conditionality. More specifically, an initial level could focus on economic assistance and the implementation of democratic principles; an intermediate level could introduce increased amounts of monetary aid and also cultural links, while an advanced level could even culminate into an Economic Union.

This multi-level approach would benefit from a high degree of institutionalized bilateral relations, and also implies tailor-made, bi-lateral policies to certain functional fields of integration, that may be more intense or looser, as decided separately on the basis of the progress and requirements of each state that falls under the EU's neighbourhood policy.

The EU's neighbourhood policy in itself falls short of membership, and should not be equated with it. However, the enhanced and successful relationship of a country with the

Union, within the confines and parameters of the neighbourhood policy, would without doubt be of assistance to membership efforts.

Finally, it is worthwhile to explore innovative approaches to the Union's neighbourhood policy. At this stage, a debate on the creation of a Mediterranean Union with the active encouragement and membership of the EU deserves further study and examination.

## Annex 2

### The EU and the Web 2.0

The Web 2.0 and the more critical and proactive attitude it involves, are challenging for all traditional government agencies that have always been isolated in a certain sense from the public they served. In the case of the EU as a whole and its institutions, the isolation from the citizens has been publicly criticized and negotiated frequently but in the new realm of Web 2.0 the democratic deficit is expected to irritate citizens even more.

Since the EU is diverse and democratic, it has a tremendous growth potential in connecting citizens to each other.

Throughout the Web 2.0, citizens of various member states can form networks in order to articulate and accomplish their common aims. It is up to the European policy makers to prepare for harnessing the new growth potential.

### Suggested steps

**Education:** young European citizens should be facilitated with a culture of initiative behaviour.

EU institutions: the EU institutions should create strategies for channelling the citizen's initiatives and critics regarding their field of work.

The EU should elaborate its **“Common Public Administrative Transparency Policy”** that would be capable of absorbing information from both the member state governments and the citizens in order to openly compare government efficiency and progress made in accomplishing the EU strategic aims. This initiative could also contribute to EU strategic planning.

**Common support for national government institutions** should be provided on how to cope with the more demanding attitude and with the higher organization capability of the

clients. Best practices and electronic case study pools should be established whereas the national institutions can support their counterparts.

A common **e-government screening system** should be implied that unifies government strategies and the financial supports as well.

**Supported key issues should be identified** where the EU – based on its specific values and cultural assets – has a realistic chance to be a world leader on behalf of the contribution of the EU citizens and their cooperation with citizens all around the world. For example: citizens who have to work under inhuman conditions could form networks with the customers of the affected company in order to boycott products that are produced in a way that does not fit EU values. All kinds of such information could be circulated through networks facilitated by EU institutions that can effect consumer protection, civil rights, media policy, defence, health, tourism etc.