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Where is the European Union heading?

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When the political project for modern Europe was born, in the years which followed the end of the second world war, the expression most often used to describe it was "building the United States of Europe". This was a clear reference to the great American democracy. It was also the watchword of the famous congress held in The Hague in 1948, and later came up at regular intervals in the discussions of the Jean Monnet committee that helped the modern European endeavour take its first steps. The phrase would now be thought overly naïve, and is no longer heard in speeches on Europe. The fact is that, with experience, we have come to realise just how difficult such a project is. Political Europe does not mean the emergence of a new democracy out of nothing. It is gradually being formed by the coming together of nation-States that are themselves firmly rooted in two centuries of European history and still remain alive and kicking. This form of political organisation remains the primary forum for European citizens to shape and express their democratic will. It indicates that what we are actually doing is trying to invent a form of political organisation quite unlike anything achieved up to now anywhere in the world. The European Union is not a State which has identified its boundaries, form of organisation and democratic rules. It is a permanent building site on which we should heed the sign "work in progress".

I would also like to point out that this process cannot be compared to a smoothly flowing and steadily growing river. There have admittedly been periods of euphoria and expansion. But there have also been severe crises and times

of deadlock, resulting not only from inevitable conflicts of interests but also from concealed disagreements on where the endeavour is heading. That is why, when talking about Europe, the first question must always be "what is the prevailing trend in the European construction process today?". In this perspective, it seems clear to me that the present situation is one of uncertainty. We have experienced four enlargements, increasing the number of Member States successively from six to 15, with little or no concern about how our institutions were going to accommodate expansions which further widened our economic, social and cultural disparities. We are now on the eve of a new wave of accessions which might take our membership to 27 or more and lead to new disparities on an unprecedented scale. That is why we are having such difficulty resolving the issues relating to decision-making within the Council of Ministers and to the *modus operandi* of the European executive.

These opening remarks provide a context for the questions I would like to address with you today regarding the future of the European Union.

How far have we got in drawing up the European project? What objectives should we set for the plan to reunify Europe with respect to the central and eastern European countries? And, in what form should we preserve the aim to achieve "ever closer union among the peoples of Europe"?

I. The European project: a political ambition to be achieved with an economic instrument

The political conception of modern Europe, contrary to what is often said, is not material but philosophical in essence. It was born of two ideas shared by those we refer to as the "founding fathers of Europe": lasting reconciliation between peoples who had engaged in several fratricidal wars, and the fear of seeing Europe sidelined by history.

The first of these ideas is perfectly encapsulated in the writings of Hannah ARENDT, a great figure of Western thinking, who gave us the paradigm of forgiving and promising, while forgetting nothing. In addressing this formidable issue, Hannah ARENDT had no intention to deny the unforgivable or recommend that we forget it. But by combining forgiveness with promising, she showed how life could be recreated and how those whom the burden of the past, remorse or even guilt could have led to be excluded and have all their hopes extinguished could return to the community of people who are free and respect the freedom of others. She discussed these issues in "The Human Condition", which was first published in 1958, well after the famous speech Robert SCHUMAN made on 9 May 1950. The philosopher quoted the Gospel in support of her argument: "if ye forgive men their trespasses, your heavenly Father will also forgive you". This is a line of thought closely shared by Robert SCHUMAN, who made frequent reference to his Christian faith. His formulation

was slightly different from that of Hannah ARENDT, but the spirit is the same. SCHUMAN believed that, "to hold our hands out to yesterday's enemies, not merely to forgive, but to build tomorrow's Europe," would be the best means to establish a 'real solidarity' to gain mutual understanding and cooperation before embarking on a common project. We have inherited that project.

We must not forget, however, that Europe's founding fathers were also very much afraid of being sidelined by history. They were all too aware of the growing strength of the United States, the emergence of Asian powers, the spread of decolonisation and the need for reconstruction. The desire to give Europe political clout at the international level is also a product of history. Times have undoubtedly changed but the problem remains: how could the united Europe become a political player to be reckoned with?

This dilemma long tormented its instigator, Jean MONNET. He put it in the following terms in his memoirs: "What could be done to link France and Germany, and implant a common interest between them, before it was too late?" The answer was to pool what were, in those days, the sinews of war: coal and steel. That is how the economic integration of Europe was born: as a manoeuvre to work around a political issue that had been eluded on two previous occasions.

For a long time, the pooling of economic resources thus remained the main

cement in the political construction of Europe. Coal and steel came first, followed by atomic energy, then the common market: an area providing for the free movement of people, goods, services and capital. When support was needed to revive European integration by means of the Single European Act, I secured the agreement of the heads of State and government on the 1992 programme and the completion of a large market without frontiers. The decision, adopted in Maastricht, to create a single currency and take the European Economic Community towards economic and monetary union rounded off this process which now encompasses **B** at least potentially **B** all dimensions of economic life, including measures to address disparities of opportunity and the impacts of market dislocations.

It has become customary today to condemn this approach for applying a "bicycle theory": economic integration must keep going or it will fall over. According to this view, once Europe achieves a sufficient degree of economic integration, political integration would follow spontaneously.

I believe this is not the whole story. Europe's founding fathers had a philosophical and social view of their project, and the intention to give it the capacity for political expression and intervention in world affairs. Nevertheless, the bicycle theory was put into practice and still operates today: we can clearly see that completing economic and monetary union will call for further harmonisation in the social and taxation spheres, even if we cannot yet agree

on how to go about it. Yet it is just as obvious that we have reached a stage where the political agenda can no longer hide behind the economic one, and must assert itself in its own right. The Maastricht treaty provided for increased European cooperation in areas which are at the heart of national sovereignty: foreign and defence policy, justice and home affairs, not to mention the currency. These issues cannot be dealt with if Europe remains a 'UPO' - an unidentified political object. That is the essence of the forthcoming debate which will continue throughout the Union until 2004.

The "Community approach"

The heritage of the European Union also includes specific institutional features which make it very different from traditional international organisations. It is based on an "institutional triangle" distributing the legislative and executive roles among three bodies: the Council, which represents the interests of the Member States, the Parliament, which represents the European peoples, and the Commission, which is the permanent guardian of the common interest. To draw an approximate though not direct comparison with the United States, one could say that this arrangement provides for a separation of powers between the major EU institutions.

The Maastricht treaty formally acknowledged the institutional role of the European Council, which had up to then been meeting on an informal basis. This entity, which brings together the heads of State and government assisted

only by their foreign affairs ministers, meets at least four times a year. It has become the supreme body responsible for providing the political impetus in the European Union.

Provided the institutional triangle operates smoothly and liaises effectively with the European Council, the system allows us to move forward. If, on the contrary, the triangle gets bogged down B which can happen for various reasons B or if the Commission's full rights and obligations are not recognised, or if the Council of Ministers fails in its task of arbitrating and summing up the discussions, then the system loses efficiency and openness. This is the risk the European Union is running today, particular with the prospect of a large number of members, and this itself presents a serious challenge for the organisation of the institutions and their working procedures. Needless to say, the institutional reform process is still far from completion, with several steps recently taken at Nice in preparation for enlargement.

II. Reunification of Europe: a geopolitical project

Enlargement is in sight. The Treaty of Nice supplied an answer to each of the institutional questions which could stand in the way of adding new members. (Whether these answers are good or bad is beyond the scope of this presentation.) On a proposal from the Commission, a "road plan" for the

negotiations was adopted, which should allow the first countries to join the Union in time for the European Parliament elections in 2004. This enlargement exercise is our priority. It is an immense and complex endeavour, prompting an apt comment from Günter VERHEUGEN, the Commission member responsible for enlargement: "the toughest obstacles to agreement between the 15 Member States still lie ahead."

The two halves of Europe have been arbitrarily separated for the last fifty years, following the Yalta agreement and the cold war. The countries we are about to welcome are old nations, but young States. They are placed under the sign of discontinuity; their ethnic and political borders do not always coincide and they have a legitimate concern to affirm their recovered sovereignty. Have we really tried to understand their mentalities and history, which differ from ours? Let us be frank. Beyond the difficulties of adapting these countries' economies and legislation to the situation within the Union lie a number of misunderstandings of a political and cultural nature. We should therefore heed the advice of a Czech senator, Josef JARAB, and "acknowledge the differences in order to accept and draw the lessons from them".

Our historic mission is thus to reunite all European countries, but around realistic objectives that take account of our increased diversity. This large Europe must afford its members an area of active peace, a framework for sustainable development and, lastly, an area of shared values that respect the

diversity of our cultures and traditions.

The large Europe must first consolidate peace within its borders.

Time and money, as well as much hard work, will be needed to bring the situation in the Balkans back to normal, secure the rights of minorities, establish a balanced immigration policy and combat international crime. Furthermore, we have a duty to secure peace by forging more cooperative relations with Russia in particular (and the Ukraine), as well as the countries of the southern Mediterranean rim. The European Union will have to make the most of its ideals of solidarity and the means to implement them to bring about a great geopolitical entity that stretches from the Atlantic to the Urals and from the Nordic countries to central Africa. We must also reflect on the future of the Organisation for Security and Cooperation in Europe, and of the EU's Lomé Convention with the developing African, Caribbean and Pacific States.

The EU's next financial perspective - or long-range budgetary planning - will be crucial in this respect. The European Union is the world's leading development and humanitarian aid donor. Does it want to retain this status? And there are other aspects to designing sustainable development programs. Do we want to take on board the imperative of environmentally and socially responsible economic growth? The applicant countries are concerned about meeting the standards already set by the Union. Yet we have only just started discussing and implementing measures to build a safe and balanced world.

Within this global perspective, transatlantic relations must be clarified and strengthened, misunderstandings resolved and cooperation stepped up with the United States.

Back to basics

To achieve these ambitious objectives, the larger Europe will have to meet the challenges implied by a greater number of members and vastly increased diversity in all respects. It will not be able to afford the same degree of institutional improvisation as today if it is to preserve its cohesion and continue operating smoothly. We will have to return to the spirit of the Community approach. The more our membership increases, the more this approach appears as the only means of reconciling efficiency, openness and democratic supervision, in particular in the areas covered by what I have called the "reasonable objectives of the larger Europe".

The Commission's place is at the heart of the system, and it should keep its exclusive right of initiative. The Commission should be responsible for initiating activities within the strict framework of the treaties, preparing decisions, informing public opinion and selecting, after careful consultation with the representatives of the Member States, the main options from which a choice must be made. This would greatly simplify the work of a 30-member Council of Ministers, which will no longer be able to indulge in lengthy and unproductive round-table discussions. On this basis, the Council of Ministers would once

again be able to operate in a satisfactory manner, from the announcement of a project to adoption of the decision. A Council of Ministers known as the "General Affairs Council", meeting twice a month in Brussels, could ensure that priorities and consistency are preserved and could carefully prepare the meetings of the European Council. The latter would be required only to set the broad guidelines within which the national authorities and European institutions should act.

For its part, the European Parliament, which is playing an increasing and successful co-legislative role, could also bring European policy-making closer to citizens who are too far removed or can rely only on the snapshot information imposed by the media. We must reflect on how to improve cooperation between the European Parliament and its national counterparts, which remain the expression of national sovereignty and are closer to the citizens.

III. The political project: towards a federation of nation-States

This ambitious project to integrate the larger Europe must not distract us from our ambition to give Europe the political clout required to make its voice heard on the global stage and become an even more reliable partner for the United States. To do this we must set ourselves five essential goals.

Making a success of economic and monetary union, the first steps of which

as I point out at every opportunity are at times hard work but encouraging at others. To this end, we must ensure balanced cooperation between the European Central Bank which exercises monetary control and those who exercise economic power. This must be achieved through closer coordination between macroeconomic policies and through a united financial market.

Experimenting with joint foreign policy actions. I do mean "joint actions" not a single foreign policy, which I do not believe in with all the trump cards in one hand. Europe will be able to carry out foreign policy actions only if the acting entity has diplomatic capacity, economic, financial and other assets and, where necessary, the option of resorting to the rapid reaction force that is currently being set up. A lot remains to be done in this area.

3. **Creating an area of security for citizens.** The issue of security goes beyond combating crime and preserving law and order. It also has to do with reducing threats to our natural environment and ensuring the safety of food and medicines.

4 **Involving citizens in the political project.** This expectation of citizens is

not easy to meet, but we will not resolve the matter by engaging in an elitist debate and claiming that this historic endeavour is beyond the grasp of the general public. We must keep explaining, over and

over and over again, and we must listen and set up frameworks which are simpler and more democratically accountable. That is the debate that, following Nice, the heads of State and government have decided to have with all institutions, associations and even ordinary citizens.

5 Striking a balance B that currently does not exist B between the countries to the east and those to the south. The Community's Mediterranean policy must be reviewed and relations with developing countries must remain a priority. Striking a balance between our neighbours to the east B who are about to join us B and those to the south is a precondition for achieving our ideals of peace and international cooperation.

The need for simplicity and openness

We will not be able to achieve these objectives unless we overcome the confusion and complexity prevailing today. We must invent a simpler, more efficient framework that will enable citizens to feel a part of the political process. That is why I suggested that the European Union move in the direction of a federation of nation-States. Only this type of political entity will allow us to strike the necessary balance between ensuring the vital continuity of our nations and establishing supranational institutions that have genuine political capacity. Only acceptance of this form of federalism can allow decision-makers and citizens to know "who does what", in accordance with the principle of subsidiarity, which has true meaning only within a federal framework.

Looking at how the Union is operating today, it seems clear to me that not all Member States are ready to move towards this form of political integration. We

will therefore have to draw the necessary conclusions from the principle suggested some time ago by Mr GENSCHER, whereby Member States cannot be obliged to go further than they wish, but conversely should not be entitled to prevent others from doing so. That is why I also suggested that, initially, this federation of nation-States should take the form of an open vanguard.

I first put forward this idea of a vanguard B since echoed by Joschka FISCHER in particular B over a year ago. I was very quickly suspected of wanting to relegate the aspiring Member States to a lower status. I am therefore anxious to stress that, to my mind, membership of the vanguard does not have to do with how long a country has belonged to the Union, but rather with its free will to move further along the road to political integration. There is no reason why the current applicant countries should not take part in it from the outset or join at a later stage if they are unable to fulfil all its requirements immediately. All the countries which wanted to do so have now adopted the single currency, for instance. This shows that in this area, political will can overcome any initial economic disparities.

The Treaty of Nice has provided another means of maintaining the momentum of integration at the same time as constructing the larger Europe: more flexible conditions for establishing "closer cooperation" arrangements, an option made available by the Treaty of Amsterdam but not yet used. Groups of States could join forces for specific projects, under arrangements tailored to each case,

provided they do not undermine the workings of the Union as a whole. This new option will be assessed on its results. Either it remains unused, bringing us back to the question of a vanguard, or, on the contrary, it is put into practice, in which case it may fall victim to its own success and further complicate the workings of the Union by introducing new institutional arrangements and procedures. That is why I still believe only the option of a vanguard in the form of a federation of nation-States offers the simplicity and openness we so vitally need.

This vanguard should have its own institutions, developed on the model of the institutional triangle B the only pattern which can reconcile the continuity of our States with the creation of a supranational entity endowed with political powers. The federation of States would have its own Parliament and Council of Ministers, but the Commission would remain the same for all, in order to safeguard B as it is supposed to B cohesion between the Union as a whole and its open vanguard. Several scenarios can be envisaged to put this idea into practice. It will be up to the forthcoming debate to develop and discuss them.

The broad debate on the future of the Union must involve governments, the European Parliament, national parliaments, trade unions and "civil society". This debate was launched by the Swedish presidency on 9 March and is due to lead to an initial political declaration at the end of this year and a new intergovernmental conference in 2004. I hope this debate will not be purely

formal, and will yield some answers to the questions I have outlined here. I also hope it does not boil down to a discussion on institutions, under the guise of some catchphrase such as "European constitution", "association of national parliaments" or "recasting of the treaties". We must begin at the beginning, and first reconsider what we want to do together before seeking to determine which institutions and other instruments are best suited to achieve that end. Otherwise, we will do no better than the idiot in the Chinese proverb, who instead of looking at the moon looked at the finger pointing it out to him.