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**TRANS-EUROPEAN COOPERATION, A TEMPLATE FOR THE NEW EUROPE**

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*"At the gates of the European Union, perspectives and expectations"*

For all those involved in building Europe, the enlargement of the European Union rouses both excitement and worry. Excitement because it marks the final reconciliation of Europe's people 47 years after the project was conceived; worry since it represents a critical test of the fragile nature of the construction and its modest internal and external means of regulation. Even Europe's most committed proponents question and doubt the Union's ability to overcome the challenge posed by the number and extent of its various disparities.

In this respect, 2003 seemed to lend weight to the idea that the reunification of Europe was an unrealistic project. In February, at the height of the Iraqi crisis, the term "new Europe" was used to describe the countries of Central and Eastern Europe as opposed to the old Western Europe which was assimilated with a cautious, fearful and stubborn attitude. The choice of term was unfortunate in the circumstances. Taken out of context it is even more regrettable and indeed fallacious. Further differences seemed to surface last autumn, first that which divided smaller and larger states at the Intergovernmental Conference on revising Europe's institutions, then that which emerged between contributing and receiving countries as regards the financial implications of the Community budget for 2007-2013.

As this report will explain, my view is that a new Europe *is* emerging, but it has nothing to do with what happened last year. It is pointless looking for the new Europe at European Council of Ministers' meetings or in negotiations where weightings for qualified majority voting are fought over time and time again. Instead the new Europe can be found in the progress made in terms of European integration at the grassroots level – locally or regionally – and in the trans-European economic and social networks that are influencing the flow of goods and ideas, governance and the management of public services, working methods and political projects. In fact, the new Europe is taking shape in the many facets of trans-European cooperation.

Admittedly, these changes remain minor, but they have nonetheless begun to take place over the past ten years. They form part of a long-term phenomenon that will probably not end for another decade or so. But at a time when the European Union is growing with ten new members, these transformations are particularly important, since they will better enable us to cope with the challenge of having over 500 million people live in a cohesive Europe. Over and above the constitution, which is crucial but which will ultimately provide no more than a framework, the new Europe needs to devise and implement appropriate financial and regulatory instruments.

**1 – The many faces of the new Europe**

The Europe that is emerging before our eyes is unprecedented. While the East-West divide is clearly no longer anything more than an operational model, the fragmentation of Europe currently takes many forms depending on whether a territorial, economic or social analysis is made

### **a) The East-West divide no longer applies**

The diversity of the countries in Central and Eastern Europe became clear shortly after the fall of the Berlin Wall. Each country has its own historical, geographical, economic and social features, which determine its individual political choices.

European governance is suffering as a result of this: the Baltic States already align their position with the Scandinavian countries before European Council meetings; the long and expensive-to-monitor external borders provide a common interest for countries in Eastern and Southern Europe. The future accession of Romania and Bulgaria provide Greece with new potential in the Balkans. Poland is eyeing the Spanish example of how to use Structural Funds, while Slovakia is watching Portugal and Estonia is looking at Ireland. At the same time, Hungary is facing a new economic challenge not related to convergence but to low-labour-cost competition from Romania and Ukraine. As regards economic reform, 80% of output in Central and Eastern European countries taken as a whole is now generated by the private sector - a figure higher than in some Western Member States. Their openness to foreign trade ranges between 40% and 120%, with the average at a similar level to Austria, and far ahead of France or Spain, for example.

At a democratic and political level, the disparities are no longer specific to the two halves of the European Union. Analysis by certain political scientists over the past twelve years<sup>1</sup> shows on the one hand the progressive disappearance of what was once a specific feature of the political system of Eastern European countries, namely the opposition between post-communist and democratic trends, and on the other hand, the extension to the West of a specific feature arising from their transition, namely the contrast between maximalists and minimalists with respect to reform. As a result, the chart devised by the Norwegian political and social scientist Stein Rokkan in the 1970s to analyse the manifestoes of Western European political parties<sup>2</sup>, also applies to the new entrants.

The organisation of civil society now seems more marked by religious and historical issues than by other considerations. Social scientists following Max Weber's analysis<sup>3</sup> place greater emphasis on the particularities of the Balkan and orthodox states, including Greece, than on the East-West divide.

It is noticeable that last year's demonstrations against globalisation and the war in Iraq were not limited to the capital cities of existing Member States, but also took place in Prague, Budapest and Warsaw. This fuelled the rather debatable idea that a European public opinion was emerging<sup>4</sup>.

### **b) Regional and infra-national cleavages are likely to persist**

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<sup>1</sup> Jean-Michel de Waele, "Political Parties and Democracy in Eastern and Central Europe" (Editions de l'université de Bruxelles - 2002).

<sup>2</sup> Max Weber's four cleavages: centre/periphery, religious/secular, urban/rural, capital/labour.

<sup>3</sup> Jiri Pehe, "What may new members bring to the European Union?" in "European Union enlargement, towards a large area of solidarity and cooperation" (Seminar organised by the Lucchini Foundation and Notre Europe – July 2002 – [www.notre-europe.asso.fr](http://www.notre-europe.asso.fr)).

<sup>4</sup> Jacques Derrida and Jurgen Habermas, "Le concept du 11 septembre" (Editions Galilée 2004).

The European Commission recently published its third report on Economic and Social Cohesion<sup>5</sup>, which paints a picture of a 27-member European Union showing development gaps that could continue for some time.

Based on per capita income and the current annual growth rate of the different countries, the Commission concludes that it will take between 10 and 40 years for these countries to reach the average of the 15-member Union. However, the same calculation also puts Portugal and Greece in a similar situation, with a catch-up period of around 20 years. By way of comparison, on a scale where 100 corresponds to the Community average, per capita revenue in Luxembourg stands at over 200, that in France at 100, Spain 80, the Czech Republic 60, Poland 40, and, for information only, as it will not accede to the European Union until 2007, Romania 22. The relative poverty of the new Member States stems from their lower labour productivity, which is systematically below the Community average. For example, this indicator stands at just 53% of the EU average in the Czech Republic, 49% in Hungary and 38% in Poland.

While this analysis aims to guide economic and social policy decisions, it cannot be limited to per capita wealth alone, even though this criterion determines eligibility for Structural Funds. The analysis needs to be complemented by data relative to the use of labour. The economies of the ten acceding countries are not homogenous, but they do present some particularities that set them apart from both the EU's most developed regions (those not eligible for Objective 1<sup>6</sup>) and its poorest regions (those eligible for Objective 1). This reflects the distribution of labour across the different productive sectors: in the acceding states, agriculture employs 11% of the workforce, compared with just 2% in regions outside Objective 1, and 5% in Objective 1 regions; basic services account for 14% of workers in the new Member States, compared with 20% in non-Objective 1 regions and 17% in Objective 1 regions while advanced services account for 3% of the workforce in these regions, compared with 9% in non-Objective 1 regions and 4% in Objective 1 regions. These differences reflect a lag in the transition from an agricultural to a service-based economy; industrial data are relatively similar.

The level of education of the adult population between 25 and 59 years of age also shows an atypical profile. In the 15-member EU, the breakdown between low, medium and high levels of education stands at 34%, 43% and 22% respectively; that for Central and Eastern European countries gives 17%, 68% and 14%. By way of comparison, for Germany, the breakdown is 16%, 60% and 24%, while for Spain and Italy it comes out at 57%, 17% and 24%.

Another illustration of the technological under-advancement of these countries is the number of patent applications made between 1998 and 2000 divided by the population (in millions). Northern Europe tops the list with 651 applications for Sweden and 567 for Germany, for example; France made 300 applications, equal to the European average, while Spain had 53 and Portugal, 7. The average of the acceding countries stands at just 10, with Slovenia posting 21, the Czech Republic 11 and Poland 2. More generally, while R&D spending amounts to 3% of GDP in Finland and Sweden, the European average is 1.9% and that of the candidate countries just 0.79%.

Therefore the requirements of most regions in the acceding countries are fairly similar to those of the former industrial regions of the 15 existing Member States (Lorraine and the

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<sup>5</sup> European Commission, "A new partnership for cohesion - convergence, competitiveness, cooperation", Third report on economic and social cohesion, (Office for Official Publications of the European Communities, February 2004).

<sup>6</sup> Objective 1 qualifies regions lagging in terms of development, whose GDP per capita is below 75% of the EU average.

Nord-Pas de Calais regions in France, Merseyside in the United Kingdom, Piedmont in Italy, etc.). In contrast, the capital cities of the new members (Budapest, Warsaw, Bratislava, Prague) show a dynamism similar to a number of regions in Western Europe (Rhône-Alpes in France, the South of England, Catalonia in Spain, Dublin, Lisbon, etc.). This does not mean they are free of social problems – difficult urban areas face the same problems related to delinquency and unemployment.

These regional disparities will determine the distribution of Structural Funds, and consequently development policy, until 2013. They are therefore important and will also form the basis of what are likely to be lasting alliances between countries and regions that are destined to share a new European area not of 25 or 27 Member States, but of over 250 regions.

### **c) The new division of labour in Europe shows a central area and two peripheries**

The countries and regions on the Atlantic seaboard are concerned to see the geometric centre of the European Union shift hundreds of kilometres eastwards. They fear they will once again suffer from their peripheral location as they did prior to their accession in 1972 and 1986.

Statistical analysis of the economic features of the production apparatus of the 25 Member States, the two candidate countries and their principal neighbouring trade partners partially justifies this fear insofar as export and import profiles show the new division of labour in Europe as having a central area surrounded by two peripheries. The "centre", which is comprised of Germany, Italy, France, the UK and the three Benelux countries, sells high-value-added products to the rest of Europe and in exchange buys lower quality products, intermediate goods and raw materials. It alone accounts for nearly two-thirds of Community GDP and over 50% of intra-Community trade. Enlargement is unlikely to move the boundaries of this area.

With the accession of ten new countries, this central area is now surrounded by a complete circle comprising Spain, Portugal and Ireland to the west, Denmark, Sweden and Finland to the north and Poland, the Czech Republic, Austria, Hungary, Slovakia and Slovenia to the east. The production and foreign trade profiles of Central European countries place them in direct competition with Spain, Portugal, Ireland, Sweden and Finland. This comes as no surprise and is not unrelated to recent decisions by multinationals to locate their new factories in Poland, Hungary or Slovakia rather than Portugal or Spain.

Yet the centre-periphery structure does not include all the countries of the current and future enlargement process. Trade between the Baltic States, Romania and Bulgaria and the central area has a similar profile: these countries mainly export raw materials and medium or low-range manufactured goods and import finished products and high value-added services. These countries could thus constitute a third group which would include non-EU neighbouring countries in North Africa. It would represent a second geographic and economic periphery.

The comparative advantages of each zone, if correctly valued, offer different catch-up and development prospects, but ultimately they weaken the overall cohesion. This vision of Europe tends to perpetuate historical disparities and undermine the possibility for the countries and regions the furthest from the centre to be able to attain the same level of development and – more importantly – the same economic growth trends as those in the central area. Under this analysis, priority will be given to certain investments and the transfer of resources needed to ensure the correct functioning of a 25-member EU, namely transport infrastructure required for the transport of goods. This model, which was applied to Portugal and Spain (road networks) and Greece (ports) is highly questionable in terms of its

environmental and economic sustainability. However, the examples of Ireland and Finland, which have achieved remarkable technological performances in spite of their peripheral situation, show that nothing is inevitable and that other solutions are possible.

#### **d) Trade flows give rise to five "little Europes"**

In the mid-1990s, the European Commission carried out research that resulted in the European Spatial Development Perspective (ESDP)<sup>7</sup>, which recommends a polycentric development for Europe. This exercise produced a map showing a Europe comprised of several large regions that group together countries with cultural, economic and geographical affinities: a succession of "little Europes". The variable nature of trade between Member States now seems to lend weight to this idea and opens up new local development opportunities for Member States<sup>8</sup>. Taking each country's main trading partners and correcting the size effect to limit the weight of the German economy produces five areas of intensive trade: North-West Europe (the three Benelux countries, UK, Ireland, France and Germany), the Baltic Sea (the three Baltic states, Sweden, Finland and Denmark), the Western Mediterranean (Spain, Italy, Portugal, Malta and France again), Central Europe (Czech Republic, Hungary, Slovenia, Slovakia, Poland and Austria), and lastly the Eastern Balkans (Romania, Bulgaria, Greece and Cyprus).

This alternative map of Europe gives rise to different investment choices and public policies to those resulting from the traditional centre-periphery breakdown. In this case, the cohesion of the 27-member European Union depends on balancing economic, technological and social performance between regions – which may give rise to investments that encourage technological and human innovation – and the complementary nature of the roles played by each country or region within the zone. As regards infrastructure investment decisions, this map produces alternative priorities: instead of focusing solely on East-West relations, which tends to increase dependency on the "historic core" of Europe, it may be preferable to reinforce links between the countries in Central Europe and some North-South liaisons.

As such, geographic, economic and sociological points of view each paint a different picture of the 25-member European Union. These viewpoints overlap but none can be considered as providing a definitive or even pre-eminent image. This uncertainty is not ignored by policymakers seeking to ensure cohesion among this large grouping. Each vision gives rise to different investment choices or financial transfers, some produce a more sustainable development model than others. In all cases, the analyses create more problems than they solve, emphasising differences and contrasts rather than focusing on efforts towards integration.

One solution could be to adopt an approach that respects subsidiarity and national sovereignty by relying on each state to guarantee its internal cohesion. However, this solution is far from optimal as the creation of the single market and the realisation of the four freedoms of movement (goods, services, people and capital), which are the main objective of European integration, have already had a number of both positive and negative effects on the economic and social development of Europe's regions. We therefore need to forge ahead and adopt a trans-European political approach, as it would be a shame to forego the synergies that European integration has already brought about.

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<sup>7</sup> European Commission, "European Spatial Development Perspective. Towards a balanced and sustainable development of the Union territory" (Office for Official Publications of the European Communities, 1999).

<sup>8</sup> Marjorie Jouen, Solenne Moutier, Katy Welsch, "Five little Europes, recombined trade flows" (Le courrier des pays de l'est – La Documentation française – no. 1039, 2003).

## **2 – The dynamics of trans-European cooperation: an interpretation of the Europe currently being formed**

Recent analysis by European political scientists of multi-level governance<sup>9</sup> and the effects of cooperation provides an important insight into what is happening in Europe<sup>10</sup>. Based on the principle that the European Union had few chances of ever forming a national State, and using Jacques Delors' analogy that the EU is a "UPO" (unidentified political object), political researchers have tried to understand the internal functioning of the European Union, which is a better example of cooperation than of confrontation. They devised the concept of "multi-level governance" to represent how the European Union functions, suggesting that the Union-State-Region-City pyramid should be accompanied by a representation of the complex relationships between the different players. The vertical structure is accompanied by horizontal relationships in the form of partnerships and cooperation agreements between infra-national territorial authorities (regions, towns, etc.) or entities representing economic, social or civil players (professional organisations, chambers of commerce, NGOs, etc.) and transverse relationships between entities with expertise at different levels (for example direct links between city networks and the European Commission). These players are often organised in networks and exchange information as well as material and immaterial goods.

### **a) Cooperation already at an advanced stage**

It is clear that the local and regional authorities of the fifteen Member States and the ten candidate countries did not wait for 1st May 2004 (nor will the remaining two countries wait until 1st January 2007) to begin to forge institutional ties and instigate cooperation. This situation was even encouraged by the European Union itself as of the early 1990s via programmes that allowed representatives of Central and Eastern European countries to participate alongside their EU counterparts.

Four examples illustrate this, namely twinning programmes, Community Initiative Programmes, cross-border cooperation and transnational cooperation.

Twinning programmes are probably the most widespread example of cooperation. Some twinings are highly formal and more related to tourism than action, but they often serve as a basis for more operational activities, the exchange of knowledge, actions in favour of solidarity and economic and cultural cooperation. Applying a more complex format to the same concept, the PHARE twinning programmes encourage the transfer of expertise between national or regional authorities, with a view to implementing the *acquis communautaire* – an essential condition for candidate countries prior to their accession. The formula is probably not a cure-all, and the benefits obtained by the members varied considerably between sectors and players. However, there is no doubt that PHARE programmes cost very little in comparison with private consultants, who are ineffective and subject to abuse (consider the poor results of the TACIS programme in the CIS countries). These programmes had the effect

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<sup>9</sup> Beate Kolher-Koch and Rainer Eising, "The transformation of governance in the European Union" (Routledge, London, 1999)

<sup>10</sup> Jacques Lenoble and Jean De Munck, "*Les mutations de l'art de gouverner*" in "Governance in the European Union" – coordinated by Olivier De Schutter, Notis Lebessis and John Paterson (Office for Official Publications of the European Communities, 2001)

of decentralising the initiative and thereby giving rise to a large number of alternative solutions as well as providing a quick learning framework.

The reform of the Structural Funds in 1988 was accompanied by the creation of specific instruments designed to encourage cooperation at a European level, named Community Initiative Programmes. These programmes were designed to test working methods and governance solutions in response to Europe's priority issues. The issues have evolved over time and have included for example, urban renewal (Urban I and II), rural development (Leader I, II and +), the reconversion of coastal areas dependent on fishing (Pesca), the regeneration of regions affected by the decline of military industries (Konver), social reinsertion (Integra) and equal opportunities (Now, Equal). Under these programmes, local, regional, economic and social representatives share their experiences with their peers in networks coordinated at a European level.

Another form of cooperation stems directly from the aim of making the European Union a borderless market and of reinforcing ties between border regions. This cooperation goes well beyond the use of INTERREG funds, which included €2,500m for strand A for 2000-2006, in addition to over €160m per year for the PHARE-CBC programme for the eight new Member States in central Europe. It has re-established territorial continuity across borders and rejuvenated these traditionally marginal regions. The case of the euroregions adjoining Germany, which have a particularly favourable legal status, is unfortunately not yet the rule. However, a comparative analysis<sup>11</sup> using five examples, the "Baltic Sea", the "Nord-Pas de Calais/Hainaut" region between France and Belgium, "Egrensis" between Germany and the Czech Republic, "West Pannonia" between Austria and Hungary and the "Mediterranean Alps" between France and Italy showed the deep-rooted meaning of close integration. At a time where a large number of regions accounting for over 50% of Europe's population will have internal borders, both cross-border ties and networks between regions facing the same types of problem (civil defence, transport, healthcare, etc.) are important.

A fourth type of cooperation concerns larger territories, and goes by the name of transnational cooperation. This aims to enable partner regions to commission surveys and concerted operational projects in the fields of communication (transport and IT), the environment, cultural heritage and natural resources.

Eligible zones cover the whole of the European Union. They include thirteen groups of regions, three of which are outside Europe: Western Mediterranean, Alpine space, Atlantic area, South-west Europe, North-west Europe, North Sea area, Baltic Sea area, Cadeses, Northern periphery, Archimed, Caribbean area, Azores-Madeira-Canaries area, Indian Ocean area.

Such repeated efforts to encourage cooperation over the past fifteen years mean it is now hard to imagine a region, town or university not participating in initiatives that promote European cooperation.

## **b) Towards a new vision of Europe**

The particularity of these examples of what is sometimes referred to as decentralised cooperation lies in its protagonists and political priorities. Trans-European cooperation replaces the vision of Europe characterised by confrontation or competition between countries

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<sup>11</sup> Ferruccio Dardanello, Marjorie Jouen, Peter Jurczek, Bernard Koppen, Ferenc Miszlivetz, Daniel Poulenard, James W. Scott, "L'Europe s'invente-t-elle sur ses marges? Coopération transfrontalière et transnationale", (Notre Europe, October 2001, [www.notre-europe.asso.fr](http://www.notre-europe.asso.fr)).

and regions with a Europe comprising an interconnection of smaller-sized players driven by a wish to resolve similar problems with common projects.

Few large-scale exhaustive analyses have been carried out on this subject, but we can reliably extrapolate observations on cross-border cooperation. A comparative analysis<sup>12</sup> shows that we can qualify these new players in three ways: they are local players, from the public or semi-public sector and interested in society-related matters. Alongside town councillors, local authority employees and government representatives, this group includes professional organisations and chambers of commerce, development agencies, non-profit associations, universities and schools. The strong involvement of civil society and the media shows their interest in initiatives that reflect people's day-to-day lives. Universities and associations seek to leverage cooperation strategies to attain critical mass in order to further their activities, and are flexible and responsive to new opportunities. However, the very limited presence of private-sector companies in general and SMEs in particular should be noted with regret.

Their priority issues can be divided into three types: first, those relating to everyday life – the organisation of healthcare services, transport, employment, education and civil defence; second, those that aim to build a collective identity – communication, information, promotion, data collection, cultural and educational initiatives; and last those of a more strategic nature. On this last point, cooperation initiatives are designed to change the group or territory's positioning with respect to its peers. The ultimate aim may be to break their isolation and access funding by sharing resources, to obtain a sufficient size on the international market or with respect to the central, national or European authorities. This strategy is reflected in participation in networks or associations that group together similar partners.

It is interesting to note that while these themes provide a good reflection of the concerns of the players mentioned above, they do not concur with the usual priorities of national governments, as demonstrated, for example, by national budgets. Furthermore, they mostly fall outside the scope of European common policies. Territorial planning, including environmental protection, pollution management, transport infrastructure and urban planning, is a particularly important area of cooperation since it remains at such an embryonic stage in intergovernmental discussions.

This decentralised cooperation shows an alternative way of resolving problems of governance at a European level: by active subsidiarity<sup>13</sup>, i.e. the interaction between different geographic levels of governance, namely local, regional, national and European.

### **3 – How to encourage the emergence of a new Europe and consolidate cohesion?**

It would be naive to think that we can bring about cohesion in an enlarged European Union by relying solely on such mechanisms of cooperation and the enthusiasm of grassroots players, because politico-cultural differences and socio-economic disparities remain so large.

It is easier to adopt a competitive attitude, just as it is simpler to be dependent and rely on support from others. As such, we must look to the very long-term future with full awareness – recognising the limits of the instruments currently available to local, regional and even European players.

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<sup>12</sup> See survey referred to below.

<sup>13</sup> Pierre Calame, "La démocratie en miettes, pour une révolution de la gouvernance" (Editions Descartes & Cie, 2003).

### **a) Trans-European cooperation networks have their limits**

A network structure is by nature unstable as it assumes a strong commitment by its members. In the specific case of Europe, cultural diversity, and in particular multi-lingualism, are a major handicap. Most networks spend a lot of money and energy to overcome the first hurdle – that of understanding each other. As a result, the existence of these networks is most often dependent on external funding, more specifically European Community funding. External cooperation is rarely an organisation's top political or economic priority, even if members of networks largely benefit from learning new methods, developing intellectual openness and obtaining unequalled experience. We must be aware that in the current environment, mistrust on the part of national governments has progressively led to a relative reduction in the portion of budgets available for Community Initiative Programmes. The amount allocated to such programmes has fallen from 9% of the total amount of Structural Funds in 1994-99, to 5.35% for 2000-2006 and could drop to just 4% for 2007-2013 according to a recent Commission proposal. Moreover, these European programmes have been subject to reinforced financial controls, most often resulting in the selection and organisation of eligible projects being managed at a national level. In spite of the strong mobilisation of beneficiaries and networks throughout the European Union, discussions between national governments on the future European budget framework for 2007-2013 may end up cutting such initiatives as much as possible.

Another limit to trans-European cooperation is the enthusiasm of the partners and, in the social sector in particular, the maturity and representativity of NGOs. Some countries have difficulty participating in these networks in full as their civil society is badly organised. For countries with previously statist economies, this obstacle should not be underestimated. There is a risk that a few particularly efficient and responsive players monopolise access to these programmes. Even though the European Commission encourages broad participation by setting adequate eligibility criteria and Member States are keen to extend the composition of the networks, it will always be tempting, and easier, to contact partners who are already known or those who tend to be the most receptive.

The last obstacle is the institutional and financial capabilities of local authorities. Experience already shows the agility of the German and Austrian Länder and the autonomous provinces in Spain and Italy in playing a major role in the new Europe. In highly centralised countries with a limited tradition of decentralisation, local authorities have much less scope to express themselves, make their voices heard and influence European policy. Regions of France and the United Kingdom (excluding Scotland, Wales and Northern Ireland) often face this handicap, and the regions of the new Member States are also likely to have a weak position in this respect.

### **b) The new Europe needs a political impetus and appropriate instruments**

We can therefore identify what the European Union is still lacking to ensure internal cohesion and facilitate the emergence of a new Europe. First, the logic of empowering partnership networks and encouraging bottom-up governance will not impose itself on its own. It needs a favourable framework, which could be provided by the constitutional treaty if this is able to facilitate decision-making among 27 members and encourage the development of new policies, notably in terms of foreign affairs. However, this framework will not be enough if there is no impetus from above or no capacity for coordination at a European level. This role – to organise and provide guidelines – is clearly incumbent on the European Commission and not the Council, which mainly operates according to a logic of confrontation.

If it is to assert itself, the new Europe needs clear guidance, as was the case with the Delors I and II packages, and its priorities need to be clearly indicated. At present, the Lisbon Strategy, which sets the aim of Europe being the world's leading knowledge economy by 2010, cannot be considered as the right roadmap. The superimposition of priorities, some of which are incompatible (solidarity *versus* competitiveness, compliance with the stability and growth pact *versus* increasing R&D budgets to 3% of GDP) confuses this message and has the effect of paralysing the European Union.

Evidently the Commission should not do everything, but the principle of subsidiarity, which currently acts almost solely in favour of national governments, is not a means of ensuring internal cohesion. It is probably necessary to devise as yet inexistent legal tools that will make possible the active subsidiarity mentioned above. A proposal for target-based tripartite contracts was put forward in the White Paper on Governance<sup>14</sup>. This instrument, if multiplied to infinity, threatens to weigh down the European political structure without necessarily enhancing its democratisation, though it is probably an interesting experiment.

Similarly, operational cooperation between players in different countries is currently subject to the signing of international treaties; this procedure is overly cumbersome and disproportionate to local projects. The Commission should invent an appropriate legal solution in this instance also.

As some writers have emphasised<sup>15</sup>, the construction of Europe has so far built its legitimacy in a negative way, by destroying the barriers that were preventing the creation of a vast economic and social area. Europe has now reached a level of integration that requires it to establish a new legal and political framework – something in which it has little experience.

A last major point is the transition phase, namely the years that will pass until the new Europe comes about. During this time, it is important that networks that are useful at a European level but considered as a threat by national governments remain active. The self-funding of such networks does not seem a realistic prospect in current European society. Yet they are a clear illustration of Community value-added, which all Member States agree in principle to fund – even the most tight-fisted. They should be taken at their word. A substantial part of the Community budget should be allocated to supporting trans-European cooperation. However, cooperation should not be subject to the same assessment and efficiency controls as an infrastructure investment. An investment in governance requires a lot of time, effort and preparation before it will produce its effects. Its results will be essentially qualitative, and its operating expenses cannot be compared with the cost of constructing a motorway or barrage. The framework and content of the Community budget, known as the "Financial Perspective 2007-2013", represents a crucial aspect of this as they will determine the medium-term future and internal stability within the Union.

In conclusion, the main problem facing the new Europe is its internal cohesion. Adopting a traditional approach to overcome this challenge would require colossal resources, for an uncertain outcome. It is better to take into account experience of cooperation, which is already in action in the economic and social field at a local and regional level. These networks, which are working every day at grassroots level to achieve European integration, have considerable energy, but need to be motivated and given financial support and a political and legal framework. In short, the new Europe does exist but it is emerging slowly. To impose itself, it needs new financial and regulatory instruments.

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<sup>14</sup> European Commission, "European Governance White Paper" (COM (2001) 428 of 25th July 2001).

<sup>15</sup> Fritz Scharpf, "Gouverner l'Europe" (Presses de Sciences Pô - 2000).