

Session 1: Globalization and National Politics: The European Experience in Building Governance

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Many thanks to Charles Maier because he has not only been delivering some very interesting ideas but also showing how the meeting is evolving into a conversation, in the sense that there is a certain amount of mutual cross-breeding between ideas.

(coffee break)

Now we are back with some serious stuff. Starting with an introduction by Ambassador Silvio Fagiolo who has obviously been combining an intellectual outlook on affairs with a strong practical involvement in his capacity as an ambassador. I think one of his most recent positions was in Germany so one of the crucial states we have been talking about. so I'm glad to give the floor to Ambassador Fagiolo.

PROF. FAGIOLO

Thank you Mr. Chairman, I will raise three points since the question is how the European Union can be an element of global governance. My first point is that the Union can recover legitimacy through governance, contributing to global governance. This governance (second point) is possible only if the Union can have enough efficiency and democracy to be credible, and this efficiency is not only (this is the third point) a question of institutional evolution, completion of the constitutional framework, but also fundamentally a question of relationship with the United States, the other global player.

So the first point is the crisis of legitimacy in the Union. It has been said here that the origin of the Union's legitimacy was reconciliation between countries, France and Germany, and also, of course, the well-being of the population; as well as the threat coming from the East, the Soviet Union. Now some, maybe all of those elements of legitimacy have somehow gone, they are no longer there: the reconciliation has become such an obvious thing. As for growth, wealth, well this is partially not the case: the Union is paying for some of the short-comings of the European economy. So the first purpose in my view is for the Union to recover the original legitimacy in the eyes of the people, and this can be done only if the Union can be perceived as a real global player at a strategic level. In this global world there is a peculiar phenomenon the existence of places without enough power. We have seen the decline of the nation-states, for instance: this could be defined partially a place without power; then you have, on the other side, power without place, if you want, like the global market that cannot be identified with anything specific. Now the function of the Union could be to reconcile players and power, in order to create somebody, or some institution, which can manage the global economy, the globalization, and be accountable, to be identified, have responsibility. That is what the Union should do, and that is where, in my view, the Union, the European Union, can recover its role since the Union is being blamed from all sides. Now the rejection of the Constitution has many reasons: some of them are domestic, some are linked to the peculiar situation of the two countries which have rejected it. But certainly one common thing in so different countries is

that people blame the Union, for instance, for not defending them from the consequences of globalization. The classic Polish plumber who could come over and was considered to be a fault of the Union because it opened up the labour market. On the other hand there are the governments which blame the Union for their failures but they refuse to give the Union the powers which are necessary to play any real role. In my view, Germany is an example of that. I think I've seen many favourable comments on Germany. I would not share them entirely, because in fact Germany is really the symbol of the dilemma of the Union, which kind of model can be chosen, for instance, that kind of social model. You have seen that the election was a stalemate, that discussions on the new government are taking a long time, maybe the great coalition will not even come about, but in any case Germany is the symbol of all the possible crises, the transformation of Europe, also on a strategic level, as I will be saying later on the question of the relationship with the United States. So, the first condition for European Union to recover legitimacy is to be able to convince the people that it's very useful. It's indispensable that it should become common opinion, conviction, awareness that the Union is an indispensable power, that it is inevitable to have the Union to govern and face challenges in our time, whether migration, growth, stability outside of Europe. This is the dimension that has to be reached, and the Union has not yet done so, because the Union is, in my view, in the deepest crisis of all its history, and it is a crisis which could even be terminal: the whole project could even be derailed from its original purpose. This is the first point.

The second point, I said, is the governance through efficiency. Why is the Union in danger of not performing any more its traditional function in a limited space and new functions in a global world? Because the Union has, in my view, a very weak heart and very unclear borders. Weak heart in its institutional framework which has to be, should have been adapted at each enlargement, by each different Treaty starting from Maastricht down to the Constitution. In each enlargement the idea was let's first deepen the construction and then the larger base will be ruled with new, stronger rules. But each time this deepening process has been a partial failure. The Constitution itself, of course, has many advantages but was not the optimum, yet even this is in danger of not coming into being at all. We will now have a Union in which - just to give an example - the decision-making process based on majority voting is essential, the element which makes possible to rule 27 or 30 countries in a Union which will more and more be heterogeneous. And how is it going to work, this Nizza treaty, with a Union which could be extended even to the Balkans or even to Morocco? We heard the last statement, I think it was from Spain, that Morocco could be a possible member of the Union. So, in my view, the institutional framework of the Union in order to be capable of governing or taking part in the global governance is the great challenge for the near future. Equally, other changes are needed, for instance in the role of the European Parliament, in order to increase the legitimacy of the Union. So this is the first great challenge. The second risk, an enormous risk, is this extended Union which has no perspective borders, no limits. There has been no discussion inside the Union as to where it should end geographically. Of course the treaty says any European countries can be part of the Union, but what does European mean? Geographically Europe goes as far as the Urals but this can not be the criterion. The discussion has all been about Turkey, of course, but it goes beyond that. There should be, in my view, some sense of limit, a geographical limit to the Union, because one of the reasons why the Constitution was rejected was a sense of insecurity as to which part of the world would be applied and how we can not lose the identity, the minimal identity of the Union if it is too large. Governing through geographical extension is an illusion because the Union will lose its identity and the ability to have an impact. This happened with the United States when they had to decide at a certain moment how far to go in the South and whether they would not lose some of the elements of their identity, so they stopped at a certain point. So, on the other side of the Atlantic, when pressing so much for enlarging the Union they should reflect on their own history and not ask the Europeans to go too far. Now what can be done? First, of course, is to save the constitution: in the near future it becomes an essential goal, I mean, not to

save the Constitution in the present form because probably it will not possible to go through another referendum in France or in the Netherlands, but the basic content of these documents. Let's imagine: double majority in the voting system, majority of the population and majority of the states, which is really part of the federal character of the Union - how can this be preserved? It was the major innovation, and although there are different ideas on that point certainly ratification will go on until we know at the end how many have ratified. There is a provision in the treaty recording that when fifths of the countries have ratified, then the European Council will decide what to do. Can you imagine the same countries going out of the Union, the countries, which have not ratified getting out? I don't think so. The new constitution provides for possible walking out but not the present rule. So maybe its very difficult at this stage to see what the outcome will be, though it seems a reasonable line, which is followed by many governments including the Italian one, that the ratification process should go on. There is a possibility, if this should fail, of creating inside this larger Europe a small core, what is called the enhanced corporation, among a certain number of countries. This way has been provided for in the treaties, starting from the treaty of Amsterdam. It's very difficult to implement because how can you have the institutions function, how can the European parliament function, for instance, only for a limited number of countries? Maybe the functioning of the Union will in future be more of an executive character: foreign policy, economic policy, domestic security will be made easier if one has some kind of policy confined to a smaller number of countries. And what could be the criteria for choosing them? It could be the founder countries, though this seems to be very difficult because the foundation lies way back and they are not so united anyway (even among the founders there was rejection of the Constitution). It could be, maybe, the countries of the single currency. This could be the basis to re-start. In fact the Union has re-started quite frequently from the economic side. After some failures like the community of defence in the 50s, or the Fouchet Plan in the 60s, there has always been a re-starting in the economic field. But in any case, in my view, this institutional framework, which is now in a way in a state of suspension, is the great challenge of the near future. The countries have to try to overcome this stage of uncertainty, this sense of "we don't know where the Union is going", while deep changes have happened in the countries, even in the founding countries, like Germany and France, trying to find a balance in their economic policy but also in their overall policy; in France we have seen how the country was split on the Constitution. Consider the new countries coming from the east: they bring another culture into the Union. Poland is an example, look at the last election. Those countries have cherished their own sovereignty more than anything else because they have lived under the Soviet Union for so long. So they are not ready to give up their sovereignty, and they are also probably reluctant to accept rules they have not participated in adopting, prominent for them there is still this threat coming from the east even though in different forms. So, I mean there are so many negative or dangerous factors in the Union, long shadows in my view passing over the Union for the next few years and it will require a very strong leadership to face them.

The third point I mentioned is the relationship with the United States. Professor Maier said something about that. This is really another great uncertainty about the future of the Union. The attitude of the United States has changed with the time. At the beginning it was not only clearly in support but instrumental in creating European integration and the first aid to Europe was done through a co-ordinating agency which was then the model for integration among the Europeans. Then there was the more recent time which you could call one of benign neglect, let's say the time of the single currency: "if you can do it, go ahead, maybe it will be good for all of us". But lately the attitude of this administration was the fear that a new power could come out, as in the american strategy in that document, I think, of September 2002 about preventing another power from rising the world and challenging the United States. This question will be essential because sometimes you have the impression that Europe and the United States are living in a different age. I'll try to explain this. Sometimes the Europeans behave like the United States in the past, as in

economic power: they consider the negotiations, the economic relations they have, to be privileged. This is used to be the United States before becoming a global power, a reluctant power in the past. Meanwhile the United States is taking the shape which Europe had previously, becoming more national, more assertive, more military. So there's a kind of exchange of roles which makes understanding, mutual understanding, not easy. We're living in two different stages of our history, but there are other elements: of course the end of the cold war, the fact that Europe is no longer so central in the strategy of the United States; let us recognize this. Germany is once again the example: Germany was indispensable in the cold war because it was there at the centre of the Western security structure. But on the other hand the United States were indispensable for Germany because their security depended heavily, absolutely, on the United States. These two elements have now gone and Germany is really a symbol for Europe in many respects, both an economic one but strategic too. So how do you recapture this relationship, how you give a central place once again in their respective policies? In a way there are two conceptions which are clashing, which are present on both sides of the Atlantic and which should be removed, which should be overcome: on the other side of the Atlantic there is the perception that the west, the concept of the west, can only grow at the expense of Europe. So if Europe grows too much it puts in jeopardy the occident or west. On the European side there is this other, equally wrong, perception (in certain fields, not always but quite frequently expressed) that Europe can only grow in opposition to the United States, that the identity of Europe is an identity against the United States. These two approaches in my view have to be overcome, have to be removed because they are an obstacle to any closer relationship between the two sides, because there is no way of governing the great challenges without co-operation between the United States and Europe.

That's the final point because here, as Professor Maier mentioned, we see a new "benign imperialism" in the Bush Administration. We need multi-lateralism and multi-lateralism can only be done with a great joint contribution by those two great parts of what we call the west. Thank you