

THE FUTURE OF EUROPE

EUROPE MATTERS



The British delegate at Messina in 1955 left before the famous political declaration that helped create the Treaty of Rome, saying "I leave because you will never agree, and if you agree you will never implement it, and if you implement it, it will be a disaster". On the eve of "Messina II" - due to be signed next March by all EU leaders on the Treaty's 50th anniversary - an increasing number may be tempted to agree.

It's a titillating perspective, but one which is entirely wrong. Working at the ECB, one of Europe's best-loved institutions, we need less convincing than others how far Europe has progressed in that half-century. From having at its heart two countries which virtually destroyed themselves in three total wars in 100 years, most of Europe can now imagine nothing but peace. We are all European citizens, with, for most, a single currency that we share and no borders between us. We directly elect representatives to a powerful European Parliament. Europe collectively, rather than European countries on their own, increasingly makes policy in fields as diverse as justice, competition, foreign affairs, and indirect taxation. As the pace of globalisation accelerates, our economies are infinitely more intertwined both with each others' and with the rest of the world's.

We have travelled far - but now, after the French and Dutch rejections last year, the road seems to have several forks. The Constitution is dead, but can its substantive provisions be rescued and put into another form? It could be a "Basic Treaty" which leaves intact as many of the same provisions as possible and adds new elements, such as a focus on the elusive "Social Europe". The German Presidency of first-half 2007 has been tasked with lighting the way, and this scenario may be the most likely proposal. However, a full round of ratifications would again be necessary. Although lessons should have been learned from the "no" votes, and the overall context would not be the same: would all 27 EU countries

ratify the sensible remains of a once-grandiose vision? If they didn't, then Croatia's accession, expected in 2010, may offer a "Plan B" opportunity for some minimal institutional fine-tuning, because in any case an Accession Treaty will need to be agreed to and ratified by all Member States. The suspense is coming soon to a Member State near you.

In fact, it will be coming to more and more Member States. Bulgaria and Romania will join and Croatia is making a good case for its inclusion. But can the pace of enlargement continue? The number of Member States had doubled by 1985 and doubled again in 2004. There is a sense that the EU's final borders are being approached and citizens want to talk about it. The elastic of trust and kinship is being stretched and very significant new barriers, such as the change to the French Constitution requiring a referendum on every accession after Croatia, are being thrown up. However, an enlargement pause - or even stop - could fatally undermine the process of political reform in Turkey and the fragile political stability of former-Yugoslavia that has emerged just a decade after Europe's most recent bloody war.

So, the integrationist breakthroughs of the Single European Act in 1986 and Maastricht six years later are not about to be repeated. Today's battle is more about

holding the line. Yet, treaty reform is not the only way. Indeed, day in and day out the EU is evolving, as we see in our own field. The Eurogroup of euro area finance ministers - which is not even mentioned in the Treaty - now elects its own permanent (two-year) President, as inspired by the Constitution. The history of the EU is filled with such informal, pragmatic developments, which only later are formalised in treaties.

There are other examples of the Constitution's provisions already being used, such as the European Defence Agency, with 24 Member States' defence ministers on the Board (Denmark opted out). Similarly, the role of the High-Representative has been strengthened and Solana's key role in the EU's Iranian diplomacy shows that, providing Member States demonstrate political will, he doesn't need the Constitution's title of Foreign Minister to act as the EU's single voice. This seems a EU foreign policy success. Contrary to media portrayal, it may not be such a rare one. While the story of the evacuation from the sudden crisis in Lebanon was one of each Member State picking up its own nationals, reality was different: one EU representative on the ground (Germany's) liaised with the Israelis for boats to get through one by one, each evacuating EU citizens of several nationalities using a highly co-ordinated rescue procedure put in place after the Asian Tsunami. Political will and necessity find routes to improving the EU.

And who could oppose the transmission of draft laws by the Commission to national Parliaments? Or the new trans-

parency of the Council: it is, after all, the most powerful half of the Community's legislator. These reforms may seem incomplete, e.g. informing Parliaments is not quite the same as the Constitution's early warning system, which would have made the Commission review its proposals if enough Parliaments opposed them. However, history shows that it is with such small bridgeheads that many EU structures have later been constructed: look at the way the European Court of Justice and the European Parliament built up their powers.

So, new treaty or not, the EU continues with its business, as our work here every day testifies. We see increasingly that, while not optimal, nor is the EU's current legal framework disastrous - which is convenient, as we may be stuck with it for a long time. That doesn't mean we shouldn't work to improve it, either formally through Treaty-change or in a more pragmatic, incremental way. Regardless, new challenges arise and sharpen every day and new European solutions are required. Just a decade ago, the ECB was one of those solutions. It continues to be so.

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