European University Institute

THE STATE OF THE UNION

2013 *Collected Perspectives*

European University Press

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2013

Collected Perspectives

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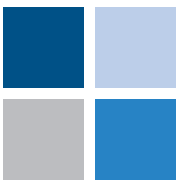

TABLE OF CONTENTS

THE STATE OF THE UNION 2013

THE STATE OF THE UNION conference is an annual event for high-level reflection on the European Union, organised by the European University Institute (EUI). The conference brings together policy-makers, leading academics, and business and opinion leaders to discuss the present and future prospects of the European Union.

The 2013 event took place in the historic Palazzo Vecchio (Florence's City Hall) on 9 May, the anniversary of the Schuman Declaration. The conference was organised under the high patronage of the president of the Italian Republic and the patronage of the Presidency of the Council of Ministers, the Italian Ministry of Foreign Affairs and the European Commission representation in Italy.

The Financial Times and Le Monde are the knowledge partners of THE STATE OF THE UNION 2013, together with ANSA as media partner.

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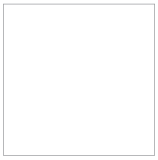
THE STATE OF THE UNION is organised by the European University Institute.



State of the Union 2013 - Salone dei Cinquecento

INTRODUCTION: THE STATE OF THE UNION 2013

MARISE CREMONA
PRESIDENT *AD INTERIM*, EUROPEAN UNIVERSITY INSTITUTE

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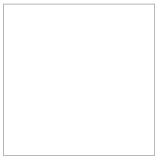
Any evaluation of the state of the European Union at a particular point in time must necessarily be selective and take a particular perspective. The State of the Union 2013 conference organised by the European University Institute and held in Florence on 9 May 2013 – the third edition of the EUI's State of the Union conferences – identified two broad and connected themes as lenses through which to assess the EU's responses to the challenges it faces at political, economic and social levels. Both themes echo the EU's 2013 initiative, the European Year of Citizens, and in both themes we can see an interaction between internal and external challenges: the response of the EU's institutional "core" to the challenge of new inter-governmental instruments, of legitimation and civil society, and the response of the EU and its citizens to the challenges of demographics and migration.

Our first broad theme brings together a number of questions relating to the institutional governance of the European Union in these years of crisis, and the contemporary version of the EU's democratic deficit. We asked our contributors to reflect upon the strategies adopted by the EU institutions to cope with the crisis in an unstable climate, where some Member States have even doubted their participation in the Union, and to discuss modes of effective governance. Our aim here was to analyse the growing tension between on the one hand the capacity for problem-solving within the European Union and on the other the capacity to mobilise citizens and popular support for EU policies. The recent instruments adopted within the framework of governance of the Euro and to induce fiscal discipline in the Member States have increased both EU interference in national economic policy making, the heterogeneity of the instruments used (from the EU treaty and EU legislation to international treaties), and differentiation between Member States adhering to the different governance regimes. There is a rising tide of popular dissatisfaction in many of the Member States with the way in which these instruments and policies are justified: the EU political institutions are weak legitimising devices for the increasing variable geometry of international commitments, enhanced cooperation and opt-outs. The EU's institutional logic is based on inclusion and unity and finds it difficult to deal with differentiated groups of countries and sets of policies. It is noticeable therefore that at a time when we begin to see signs of a more efficient handling of the crisis in its fiscal and monetary aspects, the differentiated responses to the crisis are provoking a re-nationalisation of policy legitimation which is likely to jeopardise the cohesion of the Union. How can these new instruments of governance, devised to respond to major economic challenges, be re-connected to the EU's citizens and the support of civil society?

Our contributors respond to these two dimensions. On the one hand, the shaping of institutional solutions for problem solving: the relationship between the new forms of governance of the Euro and "traditional" EU governance; policy formation and political leadership outside the Treaty structures; differentiation and possibilities for a multi-speed Europe; exit options within the EU and the Eurozone. On the other hand, the search for institutional solutions for the mobilisation of

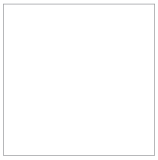


support: democratic practices and legitimacy problems after the crisis; the gap between the EU-elite and citizens and citizens' involvement in EU decision making; the ability of European parties to represent citizens' interests; the role of national parliaments and the European Parliament.

The second broad theme of the State of the Union 2013 addresses migration and citizenship. Citing President Barroso - 'Europe's raison d'être is to empower Europeans' - the European Year of Citizens is based on the argument that in times of economic difficulty reinforcing a sense of citizenship among Europeans through increased awareness of citizens' rights makes an essential contribution to building solidarity. Yet the concept of European citizenship is itself subject to question: what does it add to the national citizenships on which it is founded, and does it possess any real political content? Its most important practical impact is contained in the right of freedom of movement, one of the foundational principles of the Union. However this principle is under increasing stress on issues ranging from access to labour markets to social welfare costs, and the decision to link free movement to European citizenship creates a fundamental differentiation within the EU between citizens and migrants.

The concept of a European citizenship also poses challenges for us at a time when the economic crisis and political upheavals in our neighbourhood prompt us to reflect on the role of migration and the integration of migrants into our communities in Europe. The major refugee crises in the Middle East and North Africa in recent years have resulted in massive population movements in the EU's neighbourhood. The EU as a whole is now the world's second largest receiver of global migrants; however its management of immigration is often a matter of trial and error. Although there are reasons to believe that in the long run immigration will benefit the EU with its shrinking and ageing population, in the short term the economic crisis affects migration, migration policy-making and relations between migrants and citizens in the EU in several ways. Activity sectors with a high concentration of migrant workers are amongst the most severely hit by the crisis, making unemployment soar among migrants faster than among native citizens; the unemployed native population may now turn back to occupations they neglected in times of full employment, giving rise to increased competition with migrants; furthermore, migrants' countries of origin are also suffering from the crisis, the pressure to emigrate from these countries remains high and return migration is frequently not an option.

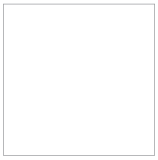
Beyond labour markets, the crisis has an impact on social cohesion, with the integration of the sons and daughters of migrants hampered by the poor economic and social integration of their parents. A number of questions are now raised: Why do some politicians and the media claim that Europe has failed to integrate its migrants and what is the evidence to support such a statement? Some claim that multiculturalism has failed; has it really, and what is the relationship between multiculturalism and integration? What does the concept of absorption capacity actually mean,



and can it be measured? The Member States have mixed experiences of integrating historical and new minorities; how can these inform EU integration policies?

This volume brings together a number of the most stimulating contributions to the State of the Union 2013. It also includes the State of the Union address given during the conference by José Manuel Barroso, President of the European Commission and covers the address delivered by Martin Schulz, President of the European Parliament. We hope you will find in it much to interest you.

-Marise Cremona, Stefano Bartolini and Philippe Fargues



OPENING MESSAGE TO PARTICIPANTS

GIORGIO NAPOLITANO
PRESIDENT OF THE REPUBLIC OF ITALY

Drawing on inspiration from the declaration dating back 63 years and the coherence of the founding fathers, today the European Union cannot hesitate before the new direction it must successfully adopt. The social and economic challenges are too pressing. The European institutions should assume full responsibility for confronting them, responding to the expectations of the younger generation and recreating in young people trust in the fertility of experience and the image of a united Europe.

Without granting any indulgence, the road to reform and the effective launch of common indispensable policies to support the recovery of the economy and employment, must be followed.

I am convinced that Italy will not be absent in providing its full conviction and strong contribution to the prospect of the political European Union, according to the original federalist inspiration that characterises it.

State of the Union 2013 - Salone dei Cinquecento

THE STATE OF THE UNION ADDRESS: RESTORING CONFIDENCE

JOSÉ MANUEL BARROSO
PRESIDENT OF THE EUROPEAN COMMISSION

Ladies and gentlemen,

First let me thank you for having invited me again to be here with you on Europe Day. It is always with a great pleasure that I come to Italy and to Florence where we can feel such a great European spirit.

May I confess to you that when I come back to a same place, I find it always interesting to see if what I said before remains consistent and coherent overtime.

Allow me to quote what I said when I addressed this conference last year: "The choice should not be austerity versus growth. The choice is unsustainable short term stimulus that will lead to a short-living relaunch of growth versus sustainable long term reforms that will make a difference over time. And our choice is clear. It is about investing in lasting sustainable growth while immediately addressing the most urgent issues and first of all unemployment, which has reached intolerable rates."

I also added that we should show the same speed and determination in implementing our growth agenda as we have already shown in fiscal consolidation.

A year later, I am happy to see that these views are now broadly shared. I hope that now the Member States, with the European institutions, main political parties and social partners will finally agree on the way forward because consensus is key to restore confidence.

This is why this year I would like to focus my intervention on how to regain confidence. This is obviously a critical political issue but it goes beyond that. Confidence is key for the economy. It is important for banks to be able to lend; companies to be willing to invest and consumers to be willing to spend.

The crisis has certainly been a serious wake-up call for Europe. It has exposed vulnerabilities within individual Member States and weaknesses in the implementation of the rules agreed by themselves.

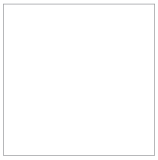
The reality is that for too many years we fell short of drawing all the implications of sharing a common currency. For too many years we ignored some critical consequences of the Maastricht treaty. Too often some Member States have lulled themselves in a false sense of complacency.

The crisis has clearly shown that we will never have an efficient monetary union without a closer economic union. Both are needed for stability. And we need stability to better resist internal or external disturbances.

The crisis has amplified the urgent need for a stronger cooperation and governance at European level and bold reforms at national level. And the role of the European institutions is not simply to reform themselves but to support reform in Member States, both in the public and the private sector.

This is why our response to the crisis is a comprehensive one addressing its root cause that is a dangerous combination of private imprudence, public indulgence and economic inefficiency. The aim is to have a financial sector at the service of the real economy; government policies promoting competitiveness and sound public finances; and a genuine Economic Monetary Union with a fully equipped toolbox including a banking union and a strengthened social dimension.

To achieve this agenda successfully we have moved a number of key issues from the backroom to the front row. The fact is that a crisis is a terrible time to go through; and it is even more a terrible thing to waste. This is why we are using this crisis as a unique opportunity to promote a long-overdue reform agenda.



Its impact can already be seen in the profound restructuring of our economies, which is politically challenging and socially demanding, but necessary to lay the foundation for future sustainable growth and competitiveness. And we are making progress in this direction. The competitiveness of some of our most vulnerable countries is slowly improving. Their debt and interest rates are falling. Their export rates are rising. But it is a progress that takes time, commitment and stamina.

It can be seen as well in the very good progress made in the European economic governance over the last two years. Indeed, we are steadily dealing with the 'unfinished business of Maastricht'. We have already significantly moved forward on the way Member States' economic and budgetary policies are assessed, coordinated and where necessary, revised. And by signing the Treaty on Stability, Coordination and Governance, Member States have legally underlined their commitment to balanced budgets and instated much stronger oversight by the Commission.

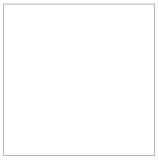
And this is precisely what 'more Europe' means. 'More Europe' does not mean 'more Brussels, in the sense of more centralisation. The European Union is certainly not about power-grabbing but about power-sharing. Subsidiarity is indeed an essential democratic concept and should be practised. We should concentrate European action on the real issues that matter and can best be dealt with at the European level. And this is precisely what we are doing. 'More Europe' means to deepen economic integration by recognising that an intergovernmental approach to economic and fiscal policies is not suitable with the existence of a common currency.

But we have to recognize that our Union is under severe stress, caught between two opposing forces: this dynamic for change and a resistance to change. And the Commission has been actively promoting the agenda for change.

Ladies and gentlemen, since the beginning of the crisis, what is coming to the surface all too often is a feeling of doubt. The crisis has unleashed uncertainties about Europe's political and institutional capacity and durability.

I do understand the anxieties and even the pessimism of European citizens faced with a fast-changing, interdependent, competitive and unpredictable world. But we have to confront discourses that call for an inward-looking - sometimes nationalist - approach.

Indeed as we are striving to strengthen the foundations of the Euro and improve the sustainability of our economies and thereby restore trust and confidence, a resurgence of populism is precisely corroding trust and confidence.



The point is certainly not to demonize such discourses. The point is to demonstrate that our policies go in the right direction for the long term, that the European alternative is the best one, the one to be trusted most. Of course, this is not easy because the populist discourse manipulates anxieties and pretends to bring simple solutions to complex problems. But we should not shy away from exposing the complexity of the issues we are dealing with.

Let me take just one example. According to some of these discourses, Europe and the Euro are the cause of the problem. Let's be intellectually honest and let's spare no effort to explain again and again that while known as the 'euro crisis', this is not a crisis of the euro itself. The euro remains a credible, stable and strong currency.

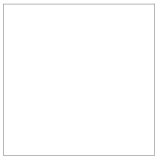
This is an economic and financial crisis in individual countries that impacts on the rest of the euro area. And the financial crisis was also not euro-specific, for it affected countries in the Eurozone and outside, inside the European Union and outside, as the case of Iceland clearly shows.

This crisis was the result of the combination of irresponsibility of a significant part of the financial sector with aggravating unsustainable public debt and the lack of structural competitiveness in some Member States. The monetary union absorbed some of the shocks – as it was intended to do - but was itself severely shaken as a result. It is therefore appropriate to say that while this is not a crisis of the euro area as such and was certainly not created by the European Union, it has posed very specific challenges – economically but also institutionally and politically - to the euro area and implicitly to our European Union.

And although we are not yet out of the woods, the existential threat to the Euro is essentially over. The doom-mongers that have been predicting the implosion of the euro have been proven wrong. I believe it is fair to say that there is no longer a perception of the risk that the euro area will fall apart. Investors have realised that when we say that we will do everything possible to safeguard the financial stability and the integrity of the euro we mean it.

I am not suggesting that all the problems have been solved. I do not ignore the economic and social difficulties being felt in so many European countries. We must not be under any illusions and refrain from creating false expectations in the short term. There is still some way to go from economic downturn to economic turnaround. Reforms and adjustment must be pursued with determination, without overlooking the important aspect of social justice.

It is indeed necessary to have balanced public accounts and to consolidate reforms in order to ensure competitiveness. But in order to attain sustainable economic growth it is also necessary to invest in the sectors that will allow us to rise to the challenge of globalisation.



Speaking now of Italy, I was very positively impressed by the strong European commitment of Prime Minister Letta with whom I share the ambitious view on a federal future for Europe and a clear support to the community method. And I am happy to see that the new government is committed to economic reform and to the budgetary targets put forward in Italy's stability programme. In fact, the Prime Minister confirmed this when I received him in Brussels last week. And this is particularly important in views of Italy's very high level of public debt. The reality is that sound public finances are a sine qua non for confidence and without confidence there is no investment; and without investment there is no growth. And I share concerns on the need to restore growth in Italy. A broad-based structural reform agenda is essential to reverse the deep-rooted and long decline in Italy's competitiveness and thus boost its export performance. Indeed the fundamental issue for Italy is to restore its competitiveness, to restore its capacity to grow again and create jobs which will also reduce pressures on public finances. I deeply believe in Italy's capacity to achieve these goals.

Let me say also a few words on an issue, which is affecting Italy and also other countries mainly in southern Europe. This concerns financial fragmentation and lending conditions of small and medium-sized enterprises in the euro area. We believe that this is a very serious obstacle to growth. Looking at the lending surveys, we see that the problem is not only demand but also very much the divergence of lending spreads that are related less to the intrinsic quality of borrowers and more to their geographical location. In the European Commission's Annual Growth Survey we have clearly identified as a priority the need to secure adequate financing of the economy. The ECB and the EIB are working on this matter. I sincerely hope that some answer can be found soon. And the Commission will support all efforts to address this issue of financial fragmentation and improve lending capacity, knowing that the sustainable solution can only come after correcting the economic imbalances; restoring the good health of our economy; and establishing a banking union – a priority on which we should not lose the momentum.

Ladies and gentlemen, as we are now confronting all these challenges, and contrary to what some Eurosceptics pretend, I dare not imagine how weaker we would be today without all that has been achieved over the last sixty years of European integration!

We should be careful not to let our key achievements being unravelled. On the contrary we have to capitalize on our collective strengths and tap together the full potential of our single market and of our trade policy, which are powerful drivers of growth. In this context, the Transatlantic Trade and Investment Partnership that we will launch with the United States is of critical importance. We have also everything to gain from making the necessary reforms and investment in education, research and innovation in order to keep our collective competitive edge.

Indeed we should not spare any effort to deliver more concrete results to European citizens and show them that when we act as one Union, wherever it is necessary, we can bring a big difference in their daily life.

First and foremost we have to act more decisively as one Union on the front of unemployment. The implementation of the growth compact decided by the Heads of State and Government last June remains insufficient and below our expectations. It has to be reinforced notably with ambitious actions to fight youth unemployment.

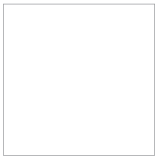
We have already reached an agreement in February on a Youth employment initiative. It will provide 6 billion euro in much-needed support for young people in regions with youth unemployment rates above 25%. It will also fund the Youth guarantee and other measures the Commission proposed in its Youth employment package in December 2012. It is indeed an important agreement but it is not enough and will be implemented only when the next Multiannual Financial Framework will be in place, that is not before 2014. We have to do quicker, better, and more. And I hope that the next European Council will come to this conclusion.

Indeed we have to clearly act as one Union to promote a Europe of fairness. This also includes, in these demanding times, that those who make the biggest gains should pay a fair share of tax on them and in the countries where their wealth is generated. Bringing a new balance to the way we tackle tax fraud and tax evasion is an intrinsic part of the overhaul of the EU regulatory agenda in the aftermath of the crisis. I know it will not be easy to convince all Member States of the need to act and to act together at EU level but the Commission will continue to press for action on an issue of growing public importance.

And we will soon present a legislative proposal to extend the scope of automatic exchange under the Administrative Cooperation Directive. This will ensure the full and consistent coverage of all relevant types of income across all Member States. And building on EU arrangements, collectively we should agree on a strong and coordinated EU position in the G8, G20 and OECD so that automatic exchange of information becomes the new global standard.

To sum it up, I believe that to restore confidence we have do a better job to explain what is at stake and to be more effective in delivering concrete results to our citizens in areas where acting as one Union really makes a difference.

This is a responsibility that lies not only with the European institutions but with all the Member States because Europe is about collective leadership and ownership by all stakeholders. And this is also increasingly about ownership by the citizens.



Ladies and gentlemen, the crisis has not only highlighted Europe's increased economic interdependence. It has also underscored that the question of a political union can no longer be swept under the carpet. But this can only be achieved through a fundamental public debate on how far we want to go with our political integration and how far we are willing and able to go in reforming our political institutions.

We are at a point in time when European integration must be pursued openly, transparently and with the explicit support of the citizens of Europe. The times of European integration by implicit consent of citizens are over. Europe has to be ever more democratic. Europe's democratic legitimacy and accountability must keep pace with its increased role and power.

This is why I have called for a wide and open debate on our future. And the European Commission's Blueprint for a deep and genuine Economic and Monetary Union is not only providing the big picture of the practical changes needed to move forward. It also provides a renewed sense of purpose. It opens a European debate on a future where economic governance, democratic legitimacy and social commitments will have to move forward hand in hand.

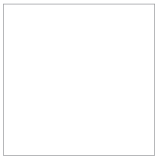
One of Europe's most important and respected philosophers, Jürgen Habermas, recently referred to our Blueprint as "the first more detailed document in which the European Union develops a perspective for reforms in the medium and long term that go beyond the present".

Let me say that I am happy to see that the Blueprint is followed up by open debates beyond Brussels. Of course, the issue goes well beyond the Economic and Monetary Union. It is about the very concept of our willingness to live together and our place in the world. And I could not think of a better place than this one to discuss our European future, on Europe day.

Indeed, Florence and Italy remind us that, from the outset, European integration has been much more than an economic integration project. It is fundamentally a political and cultural project based on strong values.

We hold its future in our hands. It just depends on us, on our confidence, on our efforts. We just cannot spoil it! That is why we have to debate it openly, as we are doing here in this conference, with such distinguished participants from all over Europe. I am sure that a very valuable contribution will come from this discussion to move forward our European project and bring it closer to the European citizens.

I thank you for your attention.

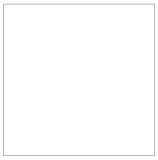


Mario Monti - Keynote Speech

PART I: INSTITUTIONS AND DEMOCRATIC GOVERNANCE

The morning session of The State of the Union addressed the theme of institutions and democratic governance. The speakers turned their attention to the impact the financial crisis has had on the European Union's legitimacy in the eyes of citizens. The increasing role of the EU in member states' economic policy has led to a rise in euroscepticism as citizens feel the weight of stringent austerity measures. EU institutions, and the instruments they use to address economic problems, are losing support. The speakers discussed the need for leaders to create innovative solutions which generate citizens' interest, participation and support, in order to ensure meaningful European elections in 2014.

The session was chaired by Stefano Bartolini, director of the Robert Schuman Centre for Advanced Studies (RSCAS) at the European University Institute. The themes were addressed by Miguel Maduro, Portuguese minister for regional development and minister adjunct to the prime minister; Emma Marcegaglia, president elect of Business Europe; David Miliband, president and CEO elect of the International Rescue Committee and Joseph H. H. Weiler, president elect of the European University Institute. Tony Barber, Europe editor of the Financial Times, moderated the session.



FISCAL CAPACITY AND CONSTITUTIONAL REFORM IN THE EMU

MIGUEL MADURO

PORTUGUESE MINISTER FOR REGIONAL DEVELOPMENT AND MINISTER ADJUNCT TO THE PRIME MINISTER

The origins of the financial and economic crisis of the euro system are state- and market-based democratic failures that the original regime of euro governance did not adequately address. It is only by fully understanding the democratic character of the crisis that we can appropriately understand the extent of the democratic challenges faced by Europe and the role of the European Union in this context.

Two narratives of the current crisis exist. Whichever we may adopt, at the very core of the explanation lies the recognition of a democratic failure.

The first is the dominant narrative. It puts most of the blame for the crisis on some member states and their irresponsible fiscal policies and lack of economic competitiveness. Capital flight from those member states is a simple consequence of those irresponsible fiscal policies and underlying economic problems. But, meanwhile, the interdependence generated by the euro resulted in the financial problems of those states becoming a problem for all. This can be presented as a democratic problem since the interests of the latter member states are not taken into account in the former member states' democratic process. But it is also a democratic problem internal to the former, since

it reflects the extent to which domestic politics is more responsive to the political cycles than to the interests of future generations.

The second narrative does not see markets punishing the mismanagement of member states but, instead, as the main causes of the crisis. The crisis is a product of unfettered capital flows. After the creation of the euro an excessive influx of capital occurred from northern banks to several EU member states, particularly in the south. Those banks benefited from the euro to inject liquidity into other member states in search of increased profits. This artificially lowered interest rates in their economies, creating a credit bubble. When the financial crisis took place in the United States and expanded to European financial institutions it was only a matter of time until markets lost confidence and suddenly cut off access to credit in those countries. This narrative can (and ought) also to be presented in democratic terms. This is a form of transnational democratic externalities imposed on states. Or, in other words, capital movements can be presented as having a profound impact inside a state without being subject to its democratic control.

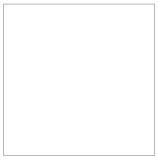
The failure to internalise the democratic consequences of interdependence also explains what many perceive as the erosion of solidarity within the EU. In fact, the reverse is rather the case. Rather than being the product of the absence of a European cultural or social identity, lack of European solidarity is the result of that very lack of internalisation of the consequences of interdependence: this time, of the benefits it generates.

Whatever our view on capital controls it is impossible to conceive of a European internal market subject to national capital controls. *A fortiori,* it is an impossibility within a monetary union. In fact, a stronger normative justification for the euro might be the opportunity it offers to Europe to address the democratic challenges posed by capital flows.

As to the first narrative and the possible answer to the democratic failure explicit therein, whatever our view on the benefits and costs of constitutionalising fiscal discipline, two things are clear in the current EU context: this discipline is a necessity to reestablish market trust, and also to reestablish trust between member states; but this discipline is also insufficient to address the current crisis, for both economic and democratic reasons.

It starts by ignoring that the fiscal situation of a state is closely dependent on its underlying economic situation. Several states that are now in a profound fiscal crisis were until recently fully compliant with the Maastricht criteria. The reasons for their fiscal crisis have to be found in deeper economic problems that rapidly turned into a fiscal crisis.

Let me illustrate this last point with an example. Real divergence instead of convergence occurred



inside the euro area. Portugal, for example, between 2000 and 2007 posted a 0.6 per cent GDP per capita annual growth rate, which compares to 3.3 per cent of the previous decade. In the euro area as a whole, growth during the period comprised between 2000 and 2007 was more than twice as high as in Portugal. We interrupted a process of catching-up of half a century.We may call the first decade of the present century as a lost decade. The crisis was the moment in which the vulnerabilities of our economies were shown in full.

We need to take the economic part of Economic and Monetary Union (EMU) seriously. A fiscal union requires fiscal discipline and coordination of economic policies between states. But it also requires fiscal capacity, albeit limited to the correction of the asymmetries emerging in a monetary union.

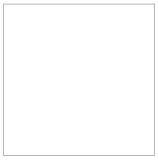
A regime relying exclusively on fiscal discipline to be enforced by the EU would undermine the already limited political and social legitimacy of the Union: either national political processes would preserve autonomy and the effectiveness of the rules would be put into question or the disciplining of national political processes by a non-political space would put democracy itself into question.

In light of the dominant discourse on the crisis it may seem to many that our choice is between a Union anchored almost exclusively on discipline and that, sooner or later, will enter into a destructive conflict with national democracies, and a Union prisoner of permanent negotiation between those national democracies, in an intergovernmental setting that is increasingly incapable of providing effective and legitimate governance. But that is not so. There is an alternative.

Any answer to the current crisis and the form of EU governance adopted to that effect will have to fulfill certain conditions to be both effective and legitimate. What follows is a list of those conditions.

1. We need political authority. Any successful model of EU governance will have to make clear that political authority stands behind the euro and the EU. It is the absence of this political authority that undermines the effectiveness and credibility of Union governance of the euro.

2. We need accountability. The current crisis is a prime example of the need for accountability. Who exactly was responsible for the crisis? Markets or member states? And who in the EU was responsible for the failure of the Maastricht instruments of surveillance and coordination of national fiscal policies? Who should citizens hold accountable for the results of the adjustment programs 'imposed' on some member states: their national governments or the EU? And if the EU, does that mean the European Commission, the European Central Bank, the European Council, or some member states within the Council? The diffused character of EU political authority makes accountability virtually impossible and favours its manipulation by political actors: national political actors



may use the nature of intergovernmental bargaining to transfer political costs to the EU. But, increasingly, the EU institutions might use the fact that its policy choices will have to be enforced by national governments to evade accountability too.

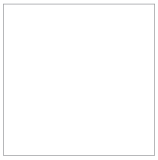
3. We need to re-establish mutual trust between states and between citizens. This has been severely affected by the crisis. Some member states and their citizens believe they are paying for the mistakes and even cheating of others. These others believe that that it is the former that have not shown sufficient solidarity and are, instead, imposing a form of collective punishment on the latter. We need both the rules and solidarity to be traced back by all citizens to collective goods shared by all. In other words, they must be linked to the broader purposes of European integration and the fair distribution of its costs and benefits.

4. We need to render both the benefits and the democratic consequences of interdependence visible to citizens. This will never be achieved by information campaigns, no matter how well designed. The real source of communication by a political authority with its citizens is through the policies that it enacts and how they impact and are perceived by citizens. The benefits and costs of the European Union are only properly internalised by citizens if they are inherent in the character of EU policies, including its revenues. EU policies must be simultaneously capable of informing citizens about the benefits of European integration and the reasons for their contribution to it.

5. We need to legitimate financial solidarity by relating it to the wealth generated by European integration and not the wealth of some states. The idea that the EU is an instrument to transfer the wealth of some states to other states is a poisonous tree that undermines any form of solidarity within the Union. We must detach financial solidarity and financial transfers between states. Financial solidarity must be a product of the wealth that the process of European integration itself generates and be guided by the goal of a fair distribution of the benefits of integration among all European citizens and all economic players.

6. We need political integration to support increased transfer of powers to the Union and its financial solidarity. The starting point for this political integration must be a European political space. Any form of political integration based only on national political spaces will, as described above, both lack sufficiently clear political authority and be incapable of internalising the democratic consequences of interdependence. The suggestions to be put forward are aimed at promoting that political integration even in the absence of the treaty reform involved.

The following suggestions are based on three pillars: an increased EU or euro budget supported by real EU revenue sources; new EU policies and a different kind of policy; and more effective political authority supported by a European political space.



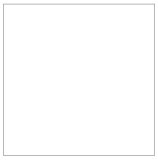
I favour an increase of the EU or euro budget so that it should provide the Union with the firepower necessary to play two fundamental roles in the context of a Monetary Union. Firstly, introducing policies capable of addressing the asymmetries affecting the well-functioning of the monetary union. Secondly, using the EU or euro budget to address financial emergencies like the one that the Union is currently living through.

Solidarity through transfers between states is not only limited but also undermines the social and democratic legitimacy of the Union. The citizens of member states which at a particular moment in time would be net contributors would tend to construe it as an unjustified transfer of their funds to cover risks assumed by other member states. Use of the EU or euro budget would prevent that direct link from being established. It would also signal to citizens in all member states that their financial solidarity will be limited to their obligations towards the EU or euro budget and it is the price to be paid for the general benefits and costs of being part of the EU.

The legitimacy of this form of financial solidarity would also be made stronger by changing the character and origin of EU revenues. The argument I want to put forward next is that what would make an increased EU budget possible, new own resources, could actually also serve to legitimate the Union. Again, I must articulate clearly and carefully what is another counterintuitive argument.

A polity, including the political authority exercised therein and the necessary solidarity between its members, must be made meaningful and intelligible to its citizens not only by how it represents itself but also by what it does. One fundamental aspect is certainly how revenues are collected and taxes organised. These are not simply a source of revenue. They are also a way for the reasons for solidarity to be made clear to the members of the polity. How revenues are collected in a polity, and taxation allocated, also informs citizens of the reasons for that polity and what it means to be a member of it. EU or euro revenues should not simply be determined on a pragmatic basis of how much is required to fund the Union budget and what is the easiest way to obtain it. Instead, the sources of EU or euro revenues should be determined by what makes the Union more legitimate to its citizens by making visible the reasons for the Union's existence and linking its revenues to the benefits and costs that different social groups obtain from European integration.

If conceived in this way, the new EU or euro own resources would not only provide the EU with the necessary funds to support the proposed budget increase but would also contribute to a clearer justification of the project of European integration. Furthermore, only in this way will we be able to legitimate solidarity within the Union on any meaningful and lasting basis. It is essential that the Union is seen as redistributing Union wealth and not merely the wealth of some member states. It is equally important for this solidarity to be related to the different degree to which different social groups benefit from European integration and, particularly, the internal market.



In this light, the choice of EU resources should focus on the following areas: economic activity enabled by the internal market; economic activity that, while taking place in a member state, has important externalities in other member states; or economic activity that member states can no longer individually regulate and tax on their own. In all these domains, the Union would be justified in obtaining revenues from the activity in question either because that activity would not exist without the Union or because the intervention of the Union is the only way to limit the negative effects of that activity in some or all states. In addition, the way those EU resources (in particular taxes) should be designed must take into account who benefits most from European integration.

These principles should shape any possible proposals for new own resources. It is the link with democracy and a theory of justice that sheds a new light over the choice of some and not other resources and makes them both politically more viable and better capable of reinforcing EU legitimacy.

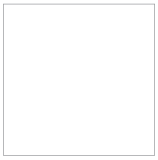
Union policies also need to be rethought in light of what justifies European integration. The European Union can increase its democratic legitimacy by more closely aligning its policy priorities to the problems that, given the ineffectiveness of member state solutions, it should address.

But the problem with EU policies concerns more than having the right policies. The structure and character of EU policies also needs to be rethought. Politics remains intergovernmental at the decisive level of EU policymaking. Policy decisions continue, in spite of the enhanced role of the European Parliament, to be a product of intergovernmental bargaining. More importantly, they continue to be often framed in intergovernmental terms. National governments aggregate the preferences of their citizens and EU policies strike a balance between those aggregated preferences.

Since, however, EU rules often affect individuals directly they can, in fact, be constructed as discriminating on the basis of nationality. This affects citizens' understanding of what determines the redistributive effects of EU policies and the idea of justice that guides them.

It is unrealistic (and also wrong) to eliminate intergovernmental bargaining from EU policymaking. But one should require EU decisions, whatever the bargaining underlying them, to be designed along EU citizenship and not nationality lines and conform to universality criteria. This would require in the future a higher percentage of Union expenditure to be allocated to policies structured around citizen benefits and rights instead of simply funds allocated along national quotas.

One hears endlessly about the European democracy deficit, real and imagined. But, as I tried to underline, Europe's real democratic deficit is to be found in its excessive reliance on national politics that have not internalised the consequences of European and global interdependence.



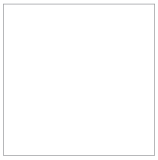
The democratic problem of the Union is also one of effectiveness. A democracy that cannot effectively govern is no democracy. There is no self government without government. Europe needs a strengthened political authority if it is to become a legitimate and accountable democratic authority.

All this is only made more urgent by the powers being transferred to the Union. A fiscal Union does require a political Union. This problem is particularly acute with respect to the Commission's position. On the one hand, the Commission has lost part of its powers of political leadership to the Council. But, on the other hand, it has acquired significantly more powers with respect to the member states under the Fiscal Compact and other fiscal crisis-related legislation such as the six-pack. To be effective and legitimate, the Commission must be able to rely on the kind of legitimacy that comes with a direct link to the outcome of European elections.

Elections to the European Parliament should be 'transformed' into an electoral competition for the government of Europe. The most important step in this direction would be for the different European political groups to present competing candidates for the role of president of the Commission before the next election to the Parliament. The treaties attribute the power to propose the president of the Commission to the European Council, but it is subject to approval by the Parliament, and the electoral focus on the choice of a president, will ensure that the 'winner' of the elections would be the selected president.

The cohesion of the Commission would also be reinforced by the fact that the president elected would have much stronger bargaining power vis à vis the member states in selection of the other members of the Commission. One may even consider whether the Commission should not fully reflect the political majority in the Parliament following the elections.

I am well aware of the risks this approach involves. The politicisation of the Commission is bound to affect its perceived neutrality and the authority it derives from being conceived as a semi-technocratic body. But the reality is that the latter authority is already under attack. The expansion of EU and Commission powers into the core of social and economic policy issues is bound to immerse the Commission in politics. The only question is the nature of this politics. As what is happening in some member states is already making clear, the Commission will not succeed in preserving an appearance of technocratic neutrality in the face of deeply contested political issues. It will simply come across as a limit on democracy and politics. It will no longer be perceived as bringing reason into the passions of national politics but as passion without politics. In order for the Commission to effectively and legitimately exercise the role required by the new EU governance, it will have to embed itself in a political space where the legitimacy of the reason that it will impose on member states will gain the authority of political deliberation.

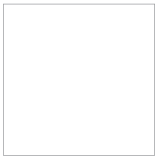


A first consequence of the transformation of parliamentary elections into an electoral competition for the government of Europe would be the promotion of transnational politics. Once each European political group selects a candidate for president of the Commission they must also come up with a political platform or government programme. Clearly, these political platforms, in order to be agreed within that political group and to be successful in all member states, would have to focus on genuinely European issues: issues where citizens are not divided along national lines but across them. The simple need to come up with these European political platforms is bound to generate European politics.

The Commission and its president would not simply gain stronger legitimacy. They would gain political capital. EU political authority would also be reinforced. The link established between the election and a specific political platform would provide the Commission and Parliament with a strong political claim in pursuit of the proposals contained in that platform.

The effects of the change of paradigm that I propose with respect to EU politics would be profound. In a democratic Europe citizens can disagree about the right policies to respond to the current economic and financial crisis. If they are not presented with alternative EU policies then the only alternative that remains for them is to be for or against Europe. Disagreement on the right European response must take place and be arbitrated in a European political space. The extent to which European citizens from different member states increasingly feel engaged in national elections in other member states, particularly those understood as playing a key role in EU policies, is revealing. This signals the extent to which European citizens perceive the EU as shaping their lives.

But it also highlights the risk that they will see those lives being determined by national politics in which they have no voice. The only viable alternative is to offer such politics at European level.



KEYNOTE LECTURE

EMMA BONINO
ITALIAN MINISTER FOR FOREIGN AFFAIRS

Ladies and gentlemen,

I am delighted to take the floor at this prestigious State of the Union conference here in Florence. Over the years, the European University Institute has been discreetly but convincingly providing advice and suggestions to the European Union for more democratic participation, more freedom, better economic governance and greater social inclusiveness. The positive fallout from the Institute could have been remarkable for all of us, if Europe had listened more attentively to its words. We need to pay closer attention to those elements of our society coming up with inspiring ideas for reforms. We can no longer leave change and the future of Europe in the hands of inter-governmental players alone. Indeed, I deeply believe that the collective interest has more to gain from innovative and bold ideas than from the latest turns and twists of national interests.

I am well aware of the weaknesses of the European Union. But, for all those weaknesses, developments such as the recent agreement between Serbia and Kosovo have confirmed that the European Union is still acting as a 'magnet', attracting its external neighbours and transforming and integrating them. Thanks to its prospects for EU membership, the whole Balkan area has become more

stable and secure. All over the world there is a pressing demand for more Europe. Unfortunately, this virtuous magnetism no longer exerts the same force of attraction on our citizens.

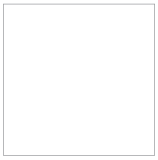
With every passing day, the founding fathers' dream of peace and freedom, a dream that had become a reality for my generation, seems to be turning into a nightmare for many. With every passing day, the European Union is being associated with austerity policies that lead to recession, unemployment and social despair. More worryingly, there are signs that the crisis of the European Union is not limited to the economic sphere but also encompasses - and even more fully - its fundamental values.

Everywhere in Europe we see rising intolerance; growing support for xenophobic and populist parties; discrimination and a weakening of the rule of law; entire populations of undocumented migrants, virtually without rights, who are victims of their unwanted status rather than their individual behaviour. Our inclusive and open community is threatened by destructive actions pursued by nationalistic and demagogic groups. But they are not the only ones. In some countries, and I refer to Italy too, we see too many violations of the rule of law and of international and European treaties, an unreliable justice system, inhumane and degrading conditions in prisons, serious infringements of human rights and grave cases of lack of accountability. How can we preach respect for universal values abroad if we are among the countries most condemned by the European Court of human rights?

It is in our vital interest to react to all these alarming trends.

To defend the European construction, we need to rediscover its mission. Its founding fathers had to discard a whole world of prejudice and fear. They knew from their tragic experience that it was an illusion to ensure peace and security by building fortresses and walls. They chose integration, and rejected barriers. And they understood that all freedoms are closely linked with each other: one cannot want free trade yet hinder the free movement of people.

These principles should guide us now that unreasonable prejudice and unjustified fear are paralysing political leaders. For example, we know – the data are incontrovertible! – that migration enriches countries, both of origin and destination. But fear and prejudice prevent some countries from accepting long-term residents in Europe as full citizens. All too often, Europe remains a *terra incognita* for migrants, who are not treated equally by the law and do not have a say in making that law. Europe should always prefer persuasion to compulsion as regards its resident population. A principle that was also stated by a group of eminent personalities, set up by the Council of Europe, in which I took part. Protecting and promoting the rights of resident workers is not only in line with our values, it is also in our own interest, since it prevents the social backlash and economic costs produced by the development of an underclass.



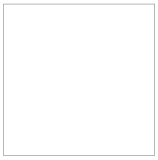
Fear and prejudice are being spread across Europe mainly by nationalistic and demagogic groups, who are exploiting the current malaise and social despair of the all too many people without a job and without faith in their future. As the ECB (European Central Bank) President Mario Draghi stressed: "it is of particular importance at this juncture to address the current high long-term and youth unemployment". This is a fundamental mission of the new Italian government. The data flow is still depressing, urging us to adopt new measures in coordination with our partners and in full respect of our fiscal commitments.

However, I believe that the choice is not simply between fiscal tightening and freewheeling spending, nor can fear of and disaffection with Europe be tackled with economic measures or financial engineering alone. No solution is credible without a political dimension and without encompassing the whole European architecture. The music, rather than the words, has to change. It is not possible anymore to play by ear, fiddling away to patched up solutions. We need a new score: a federal solution.

I have spent a lot of time, passion and energy supporting the creation of a federal Europe; not out of ideology but simply because I do not know any other system capable of allowing 500 million people - belonging to different nations, cultures, religions and speaking a multitude of languages - to live together in freedom and diversity in the 21st century. Political leaders are also starting to see federalism as a necessity. As a matter of fact, this development was presciently understood by Margaret Thatcher. In 1990, the Iron Lady told the British Parliament that "economic and monetary union is really the backdoor to a federal Europe". I cannot but agree with her words. But with one huge difference: what for her was a warning, for me is the goal of my life.

Federalism does not mean that the central European government should become a Leviathan, as described by the frightening words of the Europhobics. A couple of years ago, long before taking office as minister of foreign affairs, I proposed a 'light federation', an institutional model that would absorb no more than 5 per cent of European GDP in order to finance precise government functions such as foreign and security policy, scientific research, trans-European networks, safety of commercial transactions.

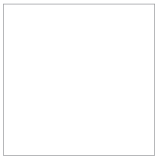
Let me give you just two examples. How can European governments provide adequate security, with fewer financial resources? Only a fully shared European defence, with common, integrated armed forces, would enable us to get out of the corner into which tight budgetary constraints are confining us. European governments are reluctant to take decisive steps towards this goal. The consequences of that reluctance are fragmented initiatives, wasted resources and a growing irrelevance of European influence on the world stage. The same applies to scientific research, a field where national programmes are often too small to be productive and compete successfully with the huge projects of the other global powers.



The 2014 European parliamentary elections will be a significant test. If we want to prevent the risk of an over-representation of populist parties, we need to put federal Europe at the centre stage of the electoral campaign. The pro-Europe political families should present their own candidate for the Presidency of the European Commission and submit political agendas for the future of the EU, stressing that a federal solution would save significant financial resources. So, the federalist perspective could assume concrete meaning for all citizens, avoiding the risk of being perceived as an abstract juridical matter.

In 2014, exactly a century after the murder of Franz Ferdinand in Sarajevo that led to the destruction of Europe, we will have another opportunity to give a new impetus to the federal project, under the Italian presidency of the European Union. And after 2014, a review of the treaties could give European citizens a stronger sense of ownership of our common institutions and ensure an easier coexistence between countries in the eurozone and the other member states.

History is the best early warning mechanism. Let us never forget what happened to our countries when nationalism and demagogy prevailed. If Europe does not solve its problems of recession and populism, we could lose all that we have achieved since the 1950s, and nobody would know how long it will take to regain the same level of democracy, prosperity and stability as before. But if we adopt a new vision, engage our citizens and unite our governments, we could start a new phase of boosting growth and fostering democratic legitimacy and global influence.



KEYNOTE LECTURE

ROSEN PLEVNELIEV
PRESIDENT OF BULGARIA

Ladies and Gentlemen,

Dear friends,

Thank you for the opportunity to speak in front of you and share some thoughts about our Union and the way we navigate through these turbulent times.

It has been five years since the crisis began and it is unlikely that it will end any time soon. It started as purely financial, transformed into a political, social and the most difficult to solve – a debt crisis – a crisis of trust and confidence.

The complexity of this crisis makes it unique in our most recent history. There is no simple solution; there is no ready-to-use recipe. We need to find the answers on the move with limited time and resources. We are acting as politicians, but we must also act as crisis managers.

We have on our radar today many structural deficiencies and imbalances in the economic and financial architecture of Europe and the member states - irresponsible financial practices, unsustainable levels of public debt, low competitiveness on a national and regional level - the list is long. But how and when did it all happen?

Today, we all talk about growth. Until 2007 Europe grew for decades with an average rate of more than 3 per cent a year. In Bulgaria, we even managed to achieve a 6 per cent growth rate. But what are the lessons we learned from this period of strong growth and the crisis that followed?

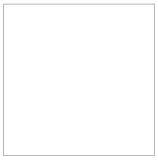
The first lesson is: while you grow, make sure you build reserves for a soft landing when a new crisis hits. My grandmother used to tell me, "In good days, save money for the bad ones". But many banks, families and governments have consumed and spent as much as they could, without building up any reserves. This was not the case in my country, because we learned our lesson from the big financial crisis that hit us in 1997. Since then we have constantly put effort into reducing public debt, from 105 per cent in 1997 to 16 per cent of GDP today, and into building up fiscal reserve. That helped us significantly in the hard times after 2008.

The second lesson is: while you grow, be sure you also make sustainable progress. For instance; bank portfolios had expanded rapidly, but in the end was that true progress? Did they make real profit or a virtual one? Real estate prices in Germany over 10 years went up by 18 per cent, in Ireland it was by 180 per cent - 10 times more. When the crisis hit, the German real estate market remained stable, while the Irish one fell 'from the 10th floor'. Some economies and sectors grew on a sustainable basis while others were artificially inflated. In order to make progress they had to fall, to reach stable ground so that they can safely grow again.

Every crisis teaches us lessons. The lessons we have learned are not a guarantee that another crisis won't hit again, but they will help to soften the next blow we take.

To sum up the reasons for our problems today: the way you grow defines the way you fall. Europe lived and grew on credit for too long. For decades European families, companies, municipalities, regions, governments, states spent more than they produced. And now they need to restore the balance. This takes time. Progress and growth are all about sustainability – after eating too much, you go on a diet. After eating too much for decades, you go on a very long diet. That's healthy and that's sustainable.

There is a lot of work to be done and it is painfully hard, but we must keep moving forward. There is no quick and easy solution but there are right and wrong decisions. Over the last few years the EU undertook important reforms. Member states and the European institutions agreed on a number of measures to reform European economies - reinforcing economic governance and budgetary disci-



pline at the national level, building a stronger banking sector in Europe, increasing competitiveness, promoting economic growth and employment.

But implementing reforms takes time and achieving positive results takes even longer. And when you are running out of time and people start losing patience, it can be really difficult. Many European governments have already paid a heavy price. But no matter how hard it is, we must not give up. What we have achieved over the last few years must not be neglected. In 2013 we will continue to deliver on our strategic priorities for a stable and integrated Europe!

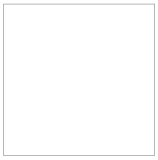
There is an ongoing debate about growth and austerity. I don't like the word 'austerity' but I very much like the word 'discipline'. Let me be clear: fiscal discipline is not an objective in and of itself; it is a prerequisite for sustainable growth. Some have declared that the era of austerity is over, but the era of fiscal discipline should remain.

Growth doesn't just happen. There is no magic formula for all of us. Brussels can't just give us growth on a silver platter. Before you grow, you need to create the potential to grow – which means reforms. We should implement custom-made reforms on a national level to help our economies. What may help one member state to restore growth won't necessarily work for another. But we all need a sound basis to build upon. That's where financial discipline combined with smart policies for competitiveness and employment is indispensable! It is common knowledge that once the foundation is stable, the structure will hold no matter how high it is! If you grow, without building stable foundations, you will fall heavily sooner or later.

You cannot create lasting growth simply by printing money or generating more debt. A European Finance Minister said: "you have to gradually put in order what isn't in order", and he is right. Some impatient politicians see more debt as the answer. They suggest our debt-ridden continent needs stimulating growth at all cost – even more debt. Others object by saying that abandoning the efforts to stabilise deficits will lead to renewed pressure on the euro. Interest rates have stayed reasonably low for the past six months, but that could change very quickly, with uncontrollable consequences for heavily indebted governments. And they are right.

Here is another important lesson from the crisis – you cannot live on credit for decades. There is no free lunch. At some point someone has to pay the bill. We better make sure that it is not our children. This makes it so important that a culture of stability and responsibility dominates on all levels in Europe today.

The financial and economic crisis has continued for much longer than expected and has brought dramatic social consequences with it. Frozen income and growing cost of living, combined with



high unemployment, contribute to a difficult social situation for millions of citizens all over Europe and in my country. Today, the most important issue for national governments and the European Union is to regain the trust of those who are frustrated and disappointed and need help. Many citizens feel that solidarity in Europe is a one-way street; public support for reforms is dramatically declining. Many citizens believe that there is too little leadership and ability to act, and that the EU gets lost in bureaucratic details and does not work enough on important matters such as employment, competitiveness or environment. Even though this is not true, we can do better. Targeted programmes to support SMEs (small and medium-sized enterprises), link universities and business, educational and administrative reforms combined with e-government solutions, investing in infrastructure and energy efficiency will benefit everyone and bring positive results.

Launching long overdue structural reforms, opening up the services market, reducing the administrative burden for firms and citizens, speeding up approval procedures, increasing the efficiency of judicial systems, improving business environments, making the labour market more inclusive and dynamic, restoring market and investor confidence and starting credible fiscal consolidation programmes with targeted actions to support the economy always make sense.

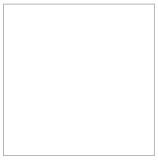
A key condition for achieving sustainable development of the European economy in the long-term is to address the socio-economic differences between member states and to increase the convergence process between European regions. Strengthening the economic, social and territorial cohesion of the EU is a prerequisite for sustainable development in the long-run. Cohesion policy is a pure growth policy and it should be further promoted.

To sum this all up - when resources are limited we should choose our priorities carefully and wisely. We must focus our efforts on a few key areas with potential for growth, employment and competitiveness.

Completing the Single European Market should be one of them. Unleashing its unused potential could contribute significantly to bringing European economies back to recovery.

The EU 2020 strategy is good, but we need to plan further and to widen our focus. We need to set ambitious goals in the fields of innovation, education and research that go beyond 2020, so that Europe remains a leader in the tough race for the technologies and products of the future.

Today we are so focused on fighting the crisis that we sometimes forget what the European Union is all about and the principles and values that we share and stand up for. In our quest for answers to the economic challenges, however, we must not lose our moral compass. We must not forget the legacy of the founding fathers.

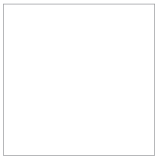


Tackling our problems should not make us forget our values. The free movement of people and labour is one of them. Do all politicians in the EU stick to it? Unfortunately, the answer is no. Here is an example: recently we have seen an active campaign in some member states against Romanian and Bulgarian Roma, blaming them and branding them as criminals. I will not be surprised if some arrogant populists propose that we mark them with a star, like they did with the Jews during the Second World War. Haven't we learned our lessons from the past? Every member state is free to adjust its social system, but if those politicians who ride the wave of populism and play with people's concerns succeed by limiting basic human rights and the rules of our common market, the European Union will be heavily damaged not because of the Roma, but because of those who are afraid of them.

Tough times call for tough measures. In the 20th century and before when times were hard, when there was no easy solution, we always took a political decision. In those days, political decisions were a symbol of assuming responsibility and making the tough call. Unfortunately, today it is not the same. Some political decisions are only buying time in an attempt to shift responsibility. A business-like approach with clear action plans for addressing the problems and finding solutions – this is what we need. Today we have to make important political decisions about the common currency, the enlargement process, the different speeds of Europe, of our budget, but also about our image, ambition and role in a fast changing and developing world.

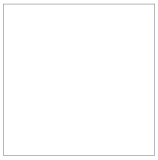
Some might think that the euro is weak, but if we look at the exchange rate with the dollar, we see the opposite. The euro is a successful project, not a matter of survival. The world trusts the euro. We trust it too. We improve the coordination of our finance, tax, economic, infrastructure, research and science policies. No country wants to leave the currency union and nobody should be forced to. Even thinking that it will be better for all if some southern European countries leave the currency union is wrong. It's not good for Germans and it's not good for southern Europeans. The idea that the devaluation of the national currency following the withdrawal from the eurozone will help is just cynical. Thinking that everything in Greece, Cyprus or other countries will become cheaper is not justified. With those countries' import quotas of today, it will take domestic industry a generation to adjust to the loss of purchasing power caused by the increase in the prices of imported goods. So this is a bad decision, it is pure populism.

The difficulties Europe is facing today should not be a valid reason to hinder the enlargement process. Continuing with it on the basis of good neighbourly relations and celebrating our common history is the only way to create a region of stability, prosperity and free movement. And that's what the EU is all about.



During the crisis the brand 'Europe' suffered. But we don't want to be a symbol of failure or isolate ourselves by our own trouble, to be divided and weak. The European Union should be more ambitious. It is up to us to be a global player. Look at what we have achieved since the Second World War. We have witnessed an unprecedented transformation in Europe, bringing peace and prosperity. We gave the world a unique example to follow. From a continent divided by wars and conflicts to the biggest economy, a peaceful place to live. We have started two projects of historical importance for the whole world in the last 20 years - the euro as a common currency and the spreading of democracy to the east. Twelve countries have already joined. Croatia is the next to follow which is a huge success for Europe and an example for the rest. Look at the remarkable progress in the Balkans. Fifteen years ago there were bombings, there was war. Today borders and visa restrictions are falling; highways, railways and bridges are built to connect and bring people and cultures together. Without the European Union of 27, soon 28, and the common currency, Europe would be divided, countries - weak and isolated, the market - small and vulnerable. Every country would be less competitive, every nation less prosperous. So we have achieved a lot, but we are in the middle of our journey and there are still problems to be solved. And this is good news; otherwise it would be boring and too easy for us. Let us adjust our speed and direction wisely and continue this journey towards the future of our Union.

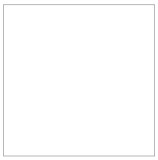
Thank you for your attention.



MID-DAY PARALLEL SESSION A: INSTITUTIONAL SOLUTIONS FOR PROBLEM SOLVING

This session discussed how economic governance of the euro related to traditional forms of EU governance and entered into the debate about a 'one-speed', 'two-speed' or 'multi-speed' Europe. The panellists turned their attention to the legal and political aspects of the exit options, within the EU and euro area, and asked whether a 'political Europe' exists outside the treaties.

The session was chaired by Bruno De Witte, professor of European law, European University Institute. The topics were discussed by speakers Marta Dassú, Italian vice-minister of foreign affairs; Franz Mayer, chair of European law and public international law, University of Bielefeld; Jean Pisani-Ferry, director of the French prime minister's economic policy planning staff; Luuk van Middelaar, member of the cabinet of the President, European Council and Beatrice Weder di Mauro, chair of international macroeconomics, University of Mainz. The media representative for the session was Vendeline Von Bredow, deputy Europe editor of *The Economist*.



RISKS AND OPPORTUNITIES IN A TWO-TIERED EUROPE

MARTA DASSÙ

ITALIAN VICE-MINISTER FOR FOREIGN AFFAIRS

Let me start by saying that the European Union has always been characterised by diversity: flexibility is an old problem. We are used to an array of definitions: two speed Europe, Europe *à la carte,* variable geometry. So this is not a new discussion, but there is in my view a new element: flexibility in a new flavour, we could say. While the debate before the sovereign debt crisis was mainly linked to enlargement – to the deepening versus widening dynamics – the current discussion stems from the need of the eurozone to overcome its structural economic failures. To put it bluntly; in the past the impulse to differentiate came from the need to accommodate the newcomers; now it comes from the inner core of the EU.

This different origin of the flexibility discussion has important implications. In the past, we spoke in terms of a two-speed or multispeed Europe: speed is a time concept, according to which eventually everyone gets there. Now, on the other hand, we speak of a multi-tier, or two-tier Europe; tier is a space concept, and a more static one.

The idea of a static two-tier structure is, however, elusive. Let me explain why. I don't think that some of the current members of the eurozone are going to leave the common currency – the Grexit

debate has been closed by Germany itself. In general, all of the major euro partners think that the economic costs of the break-up of the euro would be too heavy and the possibility of a domino effect very likely. In light of the current situation, it's also unlikely that the eurozone will acquire new members in the immediate future. Let's consider, however, that around six out of 10 of the current members of the Union that are not members of the single currency are pre-ins, committed to join the single currency. If and when the euro-crisis is over, part of them – starting with Poland – will join the club. If this is the case, we will have in time a larger eurozone, while the 'external' tier will be left with the UK, Denmark, Sweden and possibly the Czech Republic.

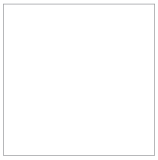
The Brexit scenario, however, cannot be discarded - even more so after the recent electoral results; the UK could decide to drift towards the European Economic Area, already accommodating countries like Norway and Switzerland. I consider it to be very negative for the EU - which would lose a key actor, in finance and security - and for the UK itself.

There is, however, a much more linear scenario, starting from the current situation, where we have the eurozone at 17, with around its 10 EU members: the continental euro bloc, surrounded by the single market.

In a two-tier structure based upon a tighter eurozone, surrounded by a single market, I see both risks and opportunities.

Risks are that the continental euro-economy becomes more rigid, maybe with an increase in protectionism. It will be crucial, then, to preserve and develop the single market. Furthermore, we will have to decide how to apply the provisions now under discussion. For example, it is difficult to see how the Single Supervisory Mechanism (SSM) will apply to non-euro banks; another difficult chapter is clearly the budget. I don't want to talk about this issue, but clearly it is a very difficult one. I also see a risk for the Common Foreign and Security Policy (CFSP) in case the two tiers are not ready to cooperate: European security and defence without the UK is very difficult to be conceived.

Opportunities are of two kinds. On the one hand, the eurozone can try to address its original failures, developing the building blocks of its new governance, according to the Van Rompuy Report; on the other, the existence of a single market-plus tier could make it easier to manage the enlargement to new countries, including Turkey. Gaining back Turkey would give Europe economic benefits – before political ones. All in all, I think that benefits are more important than risks. Especially if, to go back to my initial point, a two-tier Europe is in fact conceived as a dynamic one – new members will possibly enter the EU. And partially as a Union flexible enough to accommodate new important actors, like Turkey.



How to manage the relationship between tiers is the real question mark. A future reform of the treaties may prove unavoidable: the new governance of the eurozone – to be successful - requires new sharing of sovereignty. In theory, we could have a distinct treaty for the countries belonging to the eurozone, given the rigidity of new commitments. Moreover: with a consistent number of countries in the second tier, the pressure to have two separate or parallel treaties will increase.

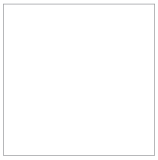
A reform of the treaty could possibly include the removal of the rule according to which any country entering the European Union is also expected to join the euro. We need more flexibility here. Those who are willing and able must be free to join – Poland is a case in point. It is much more difficult to decide whether we should also contemplate an exit clause from the eurozone, because this might trigger a domino effect. We need to admit, however, that the European Union does not coincide with the single currency. And since it does not coincide with the single currency, its raison d'etre must be redefined. We need a new narrative: we have known it for many years, but we are not able to produce it.

Finding a new balance between fiscal discipline, growth and employment is part of this new narrative – and not only a narrative. This is becoming the key for a Union able to respond to its citizens' priorities.

The larger European Union would keep significant tasks to itself: the completion of the single market, regulatory policies, trade and investment negotiations, the bulk of foreign policy and defence, while a new strategy for growth and employment will have to be based upon joint efforts at both levels.

The single currency tier, on the other hand, would need to solve not only the problems currently under discussion, including a fiscal capacity for the Union and some form of mutualisation of debt. It would also need to address, in more radical terms, the problem of democratic legitimacy, given the fact that the new economic governance needed to solve structural failures will be based on a higher degree of shared sovereignty and more intrusive powers of the Commission. Changing the decision-making procedure in European economic governance will be key. This is because the euro crisis has clearly demonstrated that the current procedures - based on unanimity, intergovernmental bargaining, and policy coordination - are inefficient.

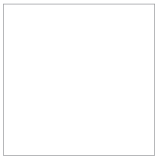
More bluntly: a working common currency requires a quasi-federal structure, a political Union. And here comes, in my view, a really tricky problem: how can we strengthen democratic legitimacy in a two-tier structure? Do we need – as alluded to before - two different treaties, with different institutions? It is in any case a difficult recipe. We must avoid that situation in which going along these lines ends up with the scenario which I discarded at the very beginning: the break up not of the eurozone but of the European Union.



To avoid this risk we have to make sure that the 'internal market plus' tier remains a viable and vibrant entity. Not something residual, a sort of 'second rank' club for those who are not part of the eurozone. To make that happen we have to provide the wider Europe with a vision and with a project.

The TTIP (Transatlantic Trade and Investment Partnership with the United States) could play a very important role in this respect. I dare to say that it could work as an antidote, as a linchpin and as an opportunity. An antidote because it would help defuse the 'protectionist temptation' I mentioned earlier; clearly this is also true for the other side of the Atlantic. A linchpin because it would keep together the different tiers of the new European architecture; the transatlantic free trade area will be a EU-wide project. An opportunity because it could provide much-needed opportunities for trade and therefore growth, something that should not go unheeded in hard economic times. But there is more to it than that; the TTIP could also revitalise the transatlantic relationship and put it back in the spotlight. It might also help make the European political debate less parochial and, allow me to say, less claustrophobic.

While the patterns of history and the global balance of power is shifting, Europe keeps on being absorbed by its internal strife. Decline is not a destiny. It is a choice. Or an omission. If Europe doesn't fix its internal problems, if it doesn't renew its 'social contract' through new and more innovative formulas, it will become almost certainly a fact.



INSTITUTIONAL REFORM, THE ROLE OF LAW AND THE LIMITS OF LAW

FRANZ MAYER

CHAIR OF EUROPEAN LAW AND PUBLIC INTERNATIONAL LAW, UNIVERSITY OF BIELEFELD

Introduction

To raise the issue of the role of law in the context of institutional reform appears to be an odd question and of limited interest. Normally, lawyers are not in the business of shaping the institutional future. They are experts for the political compromises of the past that have become law, and they will defend them. They will be the ones to tell you what is not possible. What exactly the institutional future is to look like is primarily a political question. Thus, the relationship between institutional reform and law seems to be quite simple: normally, institutional reform will trigger constitutional amendment or treaty reform, and once the constitution or the treaty is amended, the institutional reform will have become: law. In the context of European integration, things appear to be more complicated, though. Increasingly, law does not appear as a tool that helps to solve problems, it appears to be part of the problem.

Time

One problem is that the process leading from political consensus on a given issue to actual law may take a very long time. Amending the founding treaties or establishing new treaties is not done

within days or weeks. The example of the Lisbon Treaty is probably extreme: if we consider it a reform process that began after the failure of the Treaty establishing a Constitution for Europe in 2004 and ended with the Lisbon Treaty entering into force in December 2009, that makes five years.

But even a largely uncontested treaty amendment such as adding a paragraph 3 to Article 136 of the Treaty on the Functioning of the European Union, with regard to a stability mechanism for member states whose currency is the euro, took from December 2010 to May 2013 (European Council, 16-17 December 2010 Conclusions (EUCO 30/10), see for the formal beginning of the amendment procedure Decision of the European Council 2011/199/EU). Two years for a two-line amendment that was basically uncontested. Ironically, the simplified revision procedure (Article 48 para. 6 TEU) which had been introduced in order to speed things up, was applied to this amendment. Well, two years are faster than five years.

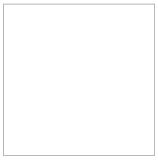
With these examples in mind, it is not far-fetched to assume that the necessity to formalise institutional reform by means of treaty law may discourage institutional reform in the first place.

Most lawyers will say that there is not much one can do about this. However, there should still be some reflection on improving the treaty amendment procedure: the double unanimity requirement – unanimity in deciding on the amendment and then ratification by all member states – is probably too much. Most multilateral treaties can be amended by qualified majority. And most constitutions are amended by qualified majority. There should be the possibility to amend the EU founding treaties by majority as well. The ESM (European Stability Mechanism) Treaty is an example of a treaty that does not require ratification by all participating states (Art. 48 ESM Treaty).

Still, with even the fastest of the 27 member states to ratify the Article 136 TFEU-Treaty amendment, Portugal, taking more than one year, it appears to be clear that treaty amendment is simply difficult to achieve within weeks or months (Portugal ratified in February 2012, see http://www.consilium.europa.eu/policies/agreements/). Even when there is no need to wait until all states have ratified.

Lawyers will say that it is exactly the purpose of a treaty amendment procedure to take some time, to create a cooling off period so to speak, because treaties – very much like constitutions – contain provisions that stand outside the everyday political process and that are supposed to be more difficult to alter. In the frenzy of the euro crisis, where decisions sometimes had to be taken on a Sunday in order to be ready for the market reactions on Monday, this obviously is not helpful.

Remember, though, that there may be institutional reform without formal treaty reform. Consider the US example of a constitutional moment in the New Deal era, without formal amendment of the constitution (See: B. Ackerman, *We the People I*, Cambridge: Harvard University Press, 1991, passim).



In the EU context, combining European Parliament elections with elections to the post of the Commission President or certain routines of the ECB (European Central Bank) may be examples of institutional reform that could be achieved by an institutional practice without formal treaty amendment.

Law as limits

There is a more general and at the same time more specific aspect concerning the role of law in the context of institutional reform in the EU. Here, law is not only a tool of reform, but also a limitation of reform in a substantive sense, and not only with a view to time. This is where the character of law reflecting political compromises reached in the past plays a role, with law having difficulties to adapt to the developments in the present.

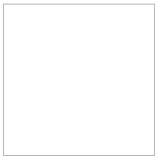
I will illustrate this point using the example of the German constitutional court. One could also consider the example of the Portuguese constitutional court, putting brakes on the government's measures in the context of the euro crisis (Processo n.º 2/2013, 5/2013, 8/2013 e 11/2013, Acórdao N.º 187/2013, 5 April 2013). But the German court is an even more crucial example.

In recent years, more than ever, the German constitutional court has emerged as a key player in EU reform politics. Famously, Christine Lagarde is quoted as having said that she will leave the room if the words 'German constitutional court' are mentioned one more time, expressing some level of frustration with the impact of a member state court on the decision-making process among governments in Brussels ("If I hear the word Karlsruhe one more time, I'm leaving the room." http://www.dw.de/karlsruhes-constitutional-monastery/a-16231161, accessed 19 May 2013).

The background to this, in a nutshell, is that post 1945 Germany has developed a political culture where law clearly trumps over politics. It is not only acceptable to simply let Karlsruhe, i.e. the German constitutional court, decide, if a political consensus on an issue cannot be reached. It is often enough even the easier way out of a political conflict.

The same applies to EU matters. The German constitutional court has issued landmark decisions on the Maastricht and Lisbon Treaties (BVerfGE 89, 155 - Maastricht; BVerfGE 123, 267 – Lisbon). Some observers noted that the constitutional court proceedings on these treaties in Germany in a way served as the functional equivalent of the referenda that took place in other countries, referenda which Germany never had.

To export this particular law-driven culture from Germany to the EU level is not that new. The founding perspective of Germany in the 1950s was a perspective of establishing a community of law (Rechtsgemeinschaft), Recht vor Macht, as Walter Hallstein famously put it (See W. Hallstein, *Der*



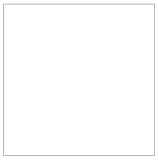
unvollendete Bundesstaat, Düsseldorf 1969, p. 33. See also the 1969 Padua speech by W. Hallstein, Die EWG - Eine Rechtsgemeinschaft, in: W. Hallstein, *Europäische Reden,* ed. by T. Oppermann, Stuttgart 1979, p. 343). At that time, considering the recent past, with Germany being a divided country still under the rule of occupation and not sovereign, that was probably the best strategy available. But even later, even when there was no hard law – the monetary union is an example - the Germans still insisted on whatever was there in terms of rules. The monetary union was shaped as a rule-based system (albeit without giving the European Court of Justice (ECJ) a role) - at German request. And it is probably not a bad thing that the biggest member state with a record of having difficulties to cope with the role of a hegemonic power is vigorously insisting on the rule of law in the EU. Most of the time (Germany did not respect the stability criteria, though. Council Conclusions of 25 November 2003, 2546th Council meeting, Economic and Financial affairs, Implementation of the Stability and Growth Pact, 14492/1/03 REV 1).

What appears to be a more recent development is that the excesses and exaggerations of this German law-driven approach has reached the EU. Consider the German constitutional court's ESM decision of September 2012 (BVerfG, 2 BvR 1390/12, judgment of 12 September 2012). The world was watching, as the Bundesverfassungsgericht had the power to bring down the world economy if they had ruled that the ESM violated the German constitution. Arguably, not even the US Supreme Court has ever been in such a powerful position; in the position to affect the world economy. No court should have this kind of power (interestingly, the European Court of Justice technically also had the power to terminate the ESM Treaty in the Pringle-case (ECJ, Case C-370/12, judgment of 27 November 2012), still neither public perception nor media attention corresponded to the role the German Constitutional court played in the ESM saga).

But what are the substantial issues at stake? What is it that the German court would put up as fences and limitations to reform and treaty amendment?

In a nutshell: since the Maastricht decision, European ultra vires acts, i.e. acts overstepping the limits of the EU's competences, are where the German court says that it will step in (BVerfGE 89, 155 (189) – Maastricht). We will see more of this in the ESM/ECB case. The oral hearings in this case will take place at the beginning of June 2013. The ultra vires problem will come up if there is institutional reform in the absence of treaty revision. The argument of the German court is that something is happening at the EU level that is beyond the boundaries of the treaties. Thus, with an amendment of the treaties one should be safe.

But the Court also protects German constitutional identity against EU law, which applies to formal treaty amendment and to institutional practice (BVerfGE 123, 267 – Lisbon). To give an example: in the context of the euro cases, the German constitutional court requests that all final decisions that



may affect the federal budget and that constitute a financial burden on Germans must be taken by the German Parliament, in order to safeguard the democratic principle of the German Constitution, which – as far as control over the budget is concerned – is part of that constitutional identity (BVerfG, 2 BvR 1390/12, judgment of 12 September 2012, para 210 et seq). The problem is that unlike the constitutional orders of other member states, the core of the German constitution, its identity, cannot be amended (Article 79 para. 3 German constitution). This means that whatever obstacle to reform the German constitutional court creates by putting issues into this category, they can only be overcome if Germany adopts a new constitution.

Limiting the limitations?

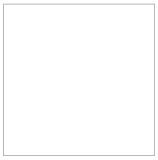
Are there also limits that the Bundesverfassungsgericht (Germany's Constitutional Court) is subject to? Are there other courts that could impose limits on the Bundesverfassungsgericht, or could politics stop them?

Courts

As far as other courts are concerned, the answer is a clear no. There is only one relevant court in this context that could indicate limits to the Bundesverfassungsgericht's judicial activism in formulating actual and potential roadblocks to an ever closer European Union: the European Court of Justice. Yet the relationship with the ECJ is currently at a historical low, after the ECJ's Akerberg Fransson judgment of February 2013 (ECJ, Case C-617/10, judgment of 26 February 2013). The case was a controversial case within the ECJ, yet in my view the judgment is in line with the ECJ's prior jurisprudence (See first the Opinion of Advocate General Cruz Villalón, Case C-617/10, 12 June 2012. See also ECJ, Case C-260/89, judgment of 18 June 1991 – ERT). Within the Bundesverfassungsgericht, however, judges were apparently so upset about the decision that they felt the need to comment on it a mere two months later in one of their judgments, in a case rather unrelated to European integration, choosing a very confrontational language. The case concerned access to central anti-terrorism data files and had nothing to do with the ECJ's subject (BVerfG, 1 BvR 1215/07, judgment of 24 April 2013 – Counter-Terrorism Database. See also the press release in English: Press release no. 31/2013 of 24 April 2013, http://www.bundesverfassungsgericht.de/pressemitteilungen/bvg13-031en.html, accessed 19 May 2013). The Bundesverfassungsgericht evidently wanted to get the message across to the ECJ, publishing a press statement on its judgment in English.

Politics

What about politics; can politics stop the German court? The Court is independent and beyond that; it is considered to be extremely popular among Germans. Thus politicians are traditionally extremely careful



when commenting on the court. There have been several actions by the Court's President Vosskuhle, which were perceived as encroaching on the political turf. For example, he went to the Bundespressekonferenz, talking to the national press conference in early 2013 and travelled to Brussels soon after that, having exchanges with the Commission President and other Brussels players just like a regular politician (H. Gude, C. Hoffmann, P. Müller, 'Merkels Chef', *Der Spiegel*, 10/2013, p. 20-24. See also: BVerfG Press release no. 30/2013 of 22 April 2013, http://www.bundesverfassungsgericht.de/pressemitteilungen/bvg13-030.html, accessed 19 May 2013 (German)). This visibility of the Court or rather of its president hasn't had any serious consequences, at least for the time being. There have been comments by angry politicians, however, stating that if Vosskuhle wants to play politics, he should run for office (M. Fürstenau, 'Interior minister wants more video surveillance', DW, 24 April 2013, http://www.dw.de/interior-minister-wants-more-video-surveillance/a-16768280, accessed 19 May 2013).

The political world in Berlin understands of course that there is no risk of Germany being marginalized in the process of European integration. Some even display an openly arrogant attitude: a high-ranking government politician made the headlines in November 2011 all over Europe with his statement that "Europe speaks German now" (Head of the governing party parliamentary group and right hand of Chancellor Merkel, Volker Kauder, at a CDU party congress ("Jetzt auf einmal wird in Europa deutsch gesprochen - nicht in der Sprache, aber in der Akzeptanz der Instrumente, für die Angela Merkel so lange und dann erfolgreich gekämpft hat.").

But the world seems to look different from Karlsruhe-Waldstadt, the current home of the German Constitutional Court, literally translated as Karlsruhe-in-the-Woods. There, it is probably easy to develop a world view where the political weight and size of Germany is not understood or not taken into account. That is one of the few plausible explanations as to why the Constitutional Court throughout recent years has increasingly insisted in its decisions on German sovereignty, displaying a rather archaic understanding of sovereignty as the license to break public international law obligations (BVerfGE 123, 267 (400) – Lisbon). Most politicians probably do understand that this kind of sovereignty-talk risks being counterproductive as it may sound quite threatening to smaller member states, who are not prepared to be bullied around by big Germany.

Politicians can stop a court. The statute governing the rules of procedure of a court can be amended. In the case of a constitutional court, ultimately the constitution can be amended as well. Consider the precedent of the US Supreme Court succumbing to the US president's court packing threat in the New Deal era (US Supreme Court, Carmichael v. Southern Coal & Coke Co., 301 U.S. 495 (1937). See also: R. Burt, *The Constitution in Conflict*, Cambridge 1992, p. 256 et seq). In Germany, reflecting on this kind of threat is, for the time being, still a taboo. Politicians have remained rather silent, with the exception just mentioned. At least in public.

One of the deeper reasons for this silence may be that in negotiations in Brussels, pointing to a constitutional law problem and to the Bundesverfassungsgericht may in fact come in handy from time to time. Where for example the UK can bring up the potential necessity of a referendum at home if negotiations don't go the way they should, the Germans can drop a line on potential problems the Constitutional Court in Karlsruhe may have with this or that outcome. And then Christine Lagarde goes ballistic. She may not be the only one.

In the long run, things may change if there is a change in Germany as far as the legal-political culture and the relationship between law and politics is concerned, moving away from the legalised political culture to more genuine politics and clearer self-restraint of the Constitutional Court. One can have doubts whether this is a likely – and from a domestic view desirable – development at all. In any event, it will take time.

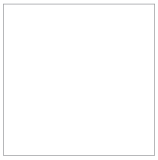
Perhaps all this is first and foremost about Germans, including the lawyers, understanding, accepting and communicating to their fellow citizens the role of reunified Germany in today's Europe. For the time being, reunified Germany is still searching for its place in Europe.

Thomas Mann famously warned in 1953 that Germans never ever should long for a German Europe again. Here is the original quote:

> "Täuschen wir uns nicht darüber, daß zu den Schwierigkeiten, die die Einigung Europas verzögern, ein Mißtrauen gehört in die Reinheit der deutschen Absichten, eine Furcht anderer Völker vor Deutschland und vor hegemonialen Plänen, die seine vitale Tüchtigkeit ihm eingeben mag und die es nach ihrer Meinung schlecht verhehlt. Wir wollen nur zugeben, daß diese Besorgnis nicht ganz ohne Fundament und Berechtigung ist. Der Traum von einem deutschen Europa spukt selbst heute, - so elend er in Hitler zuschanden geworden ist. Sache der heraufkommenden deutschen Generation, der deutschen Jugend ist es, dies Mißtrauen, diese Furcht zu zerstreuen, indem sie das längst Verworfene verwirft und klar und einmütig ihren Willen kundgibt - nicht zu einem deutschen Europa, sondern zu einem europäischen Deutschland." (In: T. Mann, Gesammelte Werke. Vol. 10, Frankfurt/Main 1990, p. 402).

At that time, he could not possibly anticipate that such a German Europe could come about by means of constitutional law. He encouraged the students he was addressing that they should work for a European Germany instead. Some commentators say that the problem is that we are currently on the way of having both (T. G. Ash, Allein kriegen sie es nicht hin, *Der Spiegel* 7/2012, p. 24).

This may be true for legal culture as well.



INTERDEPENDENCE AND PUBLIC AWARENESS

LUUK VAN MIDDELAAR

MEMBER OF THE CABINET OF THE PRESIDENT, EUROPEAN COUNCIL

Summary

When looking today at the European Union's challenges, it is important not to equate problems of legitimacy with shortcomings or eccentricities in institutional design. There is no institutional silver bullet. When we do look towards the institutions for solutions, we had better look twice before turning to old recipes: the nature of (some of) the power the European Union is fundamentally changing, in particular under the pressure of the euro crisis. However, certain things definitely can and must be done to improve the Union's legitimacy. Some of these need to go in the direction of acknowledging the dual legitimacy many of its decisions require.

Courage yes, hybris no

Some basic sorting out first. There is not one single crisis. On the one hand there is the economic crisis, which boils down to a lack of confidence in the future of the continent, and in the continued capacity of its people to produce prosperity for all – the keyword here is growth. On the other hand there is a legitimacy crisis, a widespread concern about states' and institutions' collective capacity

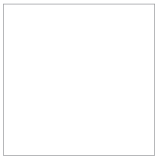
to take decisions as a Union or, when they do, to find public support for them – the keyword here is democracy. This legitimacy crisis is not a monopoly of the European Union; the public trust in all political institutions is under pressure.

Of course the issues of growth and legitimate institutions are linked. In perception: people in countries under programme or market pressure resent growth-hampering measures being imposed upon them from the outside. And also in reality: weak institutions and flaws in the design of the eurozone have contributed to the emergence of the euro crisis and hence partly to the lack of growth Europe is suffering from. The former point is a more recent concern, but the latter (weak institutions) has been recognised by leaders from the start. Hence the frantic activity in the past three to four years to strengthen the EU's institutions, so as to ensure the Union comes out of this crisis and to prevent another such crisis in the future.

However, redesigning institutions may help but it is no shortcut to solving economic problems. Put simplistically: it is not by, say, directly electing the president of the European Commission that growth will come back or excessive public deficits will be cut. And vice versa: if growth returned tomorrow, the democratic anxiety would soon fall below the critical threshold where elected politicians start to worry about it.

Some people say (or did so a few months ago) that we have reached a critical juncture, that we need bold, brave, courageous institutional steps or even leaps to come out of the crisis. Being a political philosopher myself, I can also become quite excited, intellectually, about the idea of a 'constitutional moment' for Europe, a real '(re)foundation'. But then I think back to the collective institutional experience in the noughties and the Union's efforts to give itself a constitution, which not only ran into the sand but also, in the process, traumatised political elites in more than one member state (I personally know the Dutch case quite well and many people will also remember the case of France). Almost all European leaders want to avoid another such painful experience if at all possible.

Now, since past experience usually does not impress radical minds, certain 'leapists' would press on regardless, along the lines of, "All this is true but this time it is different; the euro cannot survive without full political union, this crisis is so deep that we need a federal jump now". This is unconvincing. Not only because public opinion at large is miles away from such thinking. Also because the Union is not a state; it is a Union, for a reason. As a result, we are not facing the fateful choice between a federation or break-up. In the past 60 years, there have been other crisis moments (such as the Empty Chair Crisis of 1965 to 1966, as close to break-up as we've ever been) and in the process, member states have collected a treasure trove of intermediate solutions, squared circles and creative compromises that suggest that the constitutive tension between one and many is difficult, but manageable. To conclude on this point: institutional courage, yes; institutional hybris, no.

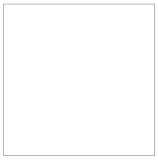


From governance to government?

Why do we need to look twice? If courage has to be summoned, then the minimum is to also look the situation in the eye. The nature of the power the European Union is exercising is changing. Simplifying to the extreme: the original community was established to organise powerlessness; building a market was about rules, which in many cases the states bound themselves to not act (not subsidise failing industries, not intervene in economic life, etc). The power exercised was mainly normative power, not executive power. For that reason it was no doubt more easily conceivable to 'outsource' it to Brussels institutions.

This is changing. With the euro crisis, the centre of gravity of policy-making attention is shifting to budgetary and macro-economic decisions that are at the heart of national political and parliamentary life. Think of recommendations to bring down public deficits or to accelerate structural economic reforms – recommendations in the case of most member states, but almost (Troika-pushed) decisions in the case of the member states. And thinking of the recent, excruciating case of decisions on Cyprus, where the Union ventured into a purely executive, discretionary decision. This illustrated the shift from normative to executive power (all too) well. To say, "Please close this bank" to one specific member state, is something radically different from saying to all member states that all banks under their jurisdiction have to comply with certain rules.

This shift from a Union exercising mainly normative power to one (also) exercising executive power has equally been described as a shift 'from governance to government', appropriately in my view. It is striking how little academic attention has been given to this issue. A starting point could be to examine how bits and pieces of executive power have been improvised in the Union's history, often outside a treaty and with a clear acceleration in the last 10 to 15 years. The European Commission is and remains of course one nucleus of executive power, administrative to start with, but the nature of the Union does not allow it to live up to its original vocation of being the only one. Yet its supervising and implementation powers have greatly increased as a result of the post-euro crisis strengthening of economic governance. The Eurogroup of euro country finance ministers is another forum taking executive decisions, as is the Foreign Affairs Council (a separate formation since the Lisbon Treaty). The European Council has revealed itself since its inception to be the crisis body par excellence, stepping in to deal with special cases and to provide joint authority in emergency situations. It is noteworthy that these are the three Council formation (*au sens large*) which were given a stable presidency (since 2005 for the Eurogroup, since the Lisbon Treaty for the Foreign Affairs Council and the European Council). The executive functions thereby seek continuity and the start of a chain of command. But as I noted, it seems more improvised than fully thought true (others are better placed to speak about the role of the European Central Bank in this regard, but the same tendency is clearly at work). All these small shifts call for a comprehensive academic analysis, free of teleology.



Dual legitimacy

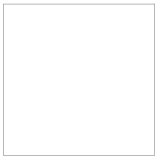
This important shift from 'governance' to (also) 'government' calls for a fresh look at legitimacy questions. Both the European Parliament and national parliaments need to be involved more strongly – sometimes simultaneously.

Again the recent example of the closure of a bank on Cyprus can be instructive. For such discretionary executive decisions at the least, a dual legitimacy is needed, in this case, on the side of the European Union as a whole and for Cyprus specifically. Why? What was happening (or could happen) in Cyprus affected (potentially) all other members of the eurozone and beyond; this justified the EU involvement, which would require a legitimisation via the European Parliament. The Parliament can now only hold the Commission, as member of the Trojka, to account. On the other hand, the decision at stake was clearly more important for Cyprus, its addressee, than for the other member states. Therefore the ordinary national parliamentary scrutiny of the Cypriot minister in the Council or Eurogroup would not be sufficient, since he is sitting there as just another one of the 27 or 17 colleagues. Instead it calls for a direct say for the national parliament itself, even if this poses an extra challenge in terms of crisis-management (It was the Cypriot Parliament's negative vote on 19 March which triggered the final rounds of negotiation, ending in the bank resolution).

Such dilemmas between the legitimate interests of the whole and those of one part can emerge in other situations too. They are the result of the economic and monetary interdependence within the Economic and Monetary Union (and within the EU more widely) and are felt more intensely since the crisis. The 'contractual arrangements' currently discussed within the Union – they are in the agenda of the June 2013 European Council – are a promising avenue in this respect. Following the experience of interdependence of the crisis, they are aimed at improving member states' competitiveness and economic resilience, issues at the heart of national policy-making. The novelty is that the contracts would be concluded between a member state and the EU institutions (say, the Commission), which very naturally brings in the parliaments on both sides of the equation. For that very reason, Mario Monti also mentioned the contracts in his plenary intervention.

Dual legitimacy means complication. Between the European Parliament and a single national parliament there is no hierarchical relation. Which of the two votes would have the upper hand?

Leaving aside formal treaties and constitutions, the legitimacy of the European Parliament rests in the end upon the 'European' political identity of 500 million EU citizens; let's say it is a relatively weak identity for most of them, but they are with many. The legitimacy of a single national parliament on the other hand ultimately rests upon the national political identity of that country's citizens; relatively stronger in most cases, but bringing together less people, between less than 1 million



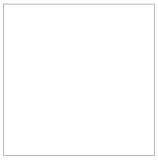
and up to 60 or 80 million – although jointly of course, the 27 national parliaments represent the same 500 million EU citizens as the one European Parliament.

Conclusion

Institutional tensions are constitutive of the European Union's nature – e.g. why it is a Union and not a state, why this continent is full of small and slightly less small political entities. Ultimately many of the institutional oddities characterising the EU reflect tensions between political identities within the 500 million individual European citizens, within all of us.

This is not a reason for despair. Politics is not (just) about eliminating tensions, it is (often) about dealing with them; squaring the circle each time at a higher level. To paraphrase the greatest of political thinkers from this city, Niccolò Machiavelli, in particular from his *Discorsi*: freedom lies in rivalry – not in simplicity.

The main challenge for political leaders, both European and national, is to translate the recent experience of interdependence that leaders have gone through into a deeper public awareness: of what it means to share a currency with other nations, to share a market across a continent, to share institutions and a common destiny as Europeans and to face – even without these institutions – very real, common challenges. In other words to make the 500 citizens within the Union aware that in their capacity of national citizens, they are Europeans too.



MID-DAY PARALLEL SESSION B: POLITICAL INITIATIVE FOR MOBILISING SUPPORT

The financial crisis within the eurozone and the broader EU has led to a legitimacy crisis within the Union and shined the spotlight on its democratic practices. This session examined how citizens are involved in the decision-making process and what can be done to get EU citizens more involved. A rise in populism has resulted from difficult economic times, although the crisis can also be seen as an opportunity for greater dialogue about Europe's place in elections. Ahead of the 2014 European elections, the panellists discussed the role of national parliaments and whether European parties can truly represent EU citizens.

This session was chaired by Alexander Trechsel, Swiss chair professor in federalism and democracy, European University Institute. The panel included Pascal Chelala, director of TNS opinion; Massimo D'Alema, president of the Foundation for European Progressive Studies; Brigid Laffan, principal of the College of Human Sciences, University College Dublin; Bruno Le Maire, member of the French Parliament; Helga Nowotny, president of the European Research Council and Pierre De Gasquet, Rome correspondent of *Les Echos*, as the media representative.

POLITICAL INITIATIVES FOR MOBILISING SUPPORT

MASSIMO D'ALEMA

PRESIDENT OF THE FOUNDATION FOR EUROPEAN PROGRESSIVE STUDIES

It is unquestionable that what the European Union is experiencing today is the most serious political crisis of its 60-year history. The economic and financial crisis, that has inflicted severe damages on our continent's economies in the last five years, has expanded into the political, social and cultural spheres, jeopardising the achievements of the last decades and undermining the Union's credibility. If, on 9 May 1950, at the dawn of the project of European integration, French Foreign Minister Robert Schuman appealed to solidarity, to "the coming together of the nations of Europe" and "the elimination of the age-old opposition of France and Germany", as first steps in the way towards economic unification and the construction of a Federal Europe, "indispensable to the preservation of peace", what we are witnessing today is, by contrast, a new and deep wave of disbelief and suspect towards integration and a sharp erosion of the pro-European feelings in the public opinions of the EU member states.

This is the result of two main flaws of the European construction. On the one hand, Europe does not seem fully capable of ensuring a lasting solution of the crisis, a full economic recovery, a comprehensive strategy aimed at reducing unemployment throughout the continent

– in a moment in which more than 19 million eurozone citizens are out of work – and, last but not least, of providing answers to the widespread social unease and uncertainties that pervade Europe.

On the other hand, because of its technocratic features, the European Union is increasingly perceived by the EU citizens as a cold, distant, bureaucratic power, detached from the hard reality of the common people, who feel impotent and incapable of exerting their influence or control on the decision-making processes taking place in Brussels.

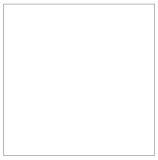
If a US citizen wishes the American administration to pass and implement expansive policies, he or she will simply vote for a Democratic president. If, on the contrary, the goal is the cut of social spending and lowering taxes, the US citizen will give his or her vote to a Republican candidate.

In Europe things look quite different. The main decisions on the economic policies are made in Brussels, not in the European capitals, and they undergo a large series of treaties, rules, restrictions, obligations and sanctions. Most of these constraints – presented as neutral and technical – are actually based on a neoliberal ideology and are the consequence of a shift of the European cultural basis from a solidarity-oriented approach to a neoliberal one. A shift that occurred without a clear political decision or citizens' participation. Against this background it is not surprising that the European citizens increasingly perceive that their capability to be involved in or supervise the decision-making mechanism, to affect choices and decisions affecting their lives and future, is progressively dying away.

The outcome of such developments is the spread, in many European countries, of anti-political feelings – based on the belief that politics is increasingly unable, or even unwilling, to deliver solutions – of a growing anti-European mood, and in particular of Eurosceptical populist forces.

As for the latter, it should be mentioned that categorising populist movements or parties according to traditional political science criteria is somehow difficult because such political forces do not place themselves clearly on one side or the other of the usual left-right cleavage. Rather they embrace ideals, goals and reasons taken from both the tradition of the left and that of the right. They also generally tend to perceive the entire body of institutions and political parties, at national and European levels, as costly and useless superstructures, burdening society instead of solving problems.

What these movements across Europe have in common are: firstly the call to the demos against the elites – political elites, in particular, but also economic and financial ones – identified as those re-



sponsible for the crisis and for the lack of prospects suffered by a vast number of citizens; secondly, the call to the – national, regional or local – ethnos against globalisation and against a Europe perceived as distant, hostile and undemocratic.

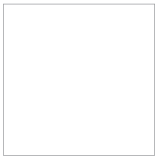
The response to this dangerous political drift must go along two parallel paths: changing the content of policies, aiming at growth and development and getting out of the oppressive austerity atmosphere that has characterised Europe in the last couple of years, and, above all, taking politics to Europe. This means, in particular, reinforcing the relationship between the citizens, the European Parliament and the European Commission; a relationship that lies – or should lie – at the core of European democracy, but which has been largely neglected.

The transfer of power to the European Council, which has occurred in the last few years, has meant de facto the transfer of power to the strongest EU member states and has been understood as the impoverishment of European democracy. Decisions are the results of bargaining among governments, giving only the illusion of neutrality and of legitimacy, while they veil the fact that economically stronger countries play from a position of advantage over the weaker ones.

A Greek citizen, who every single day is making hard sacrifices to eke out a living, a Portuguese or an Italian one, struggling to preserve his living standards despite the tough austerity measures imposed by the European Union, perceive such sacrifices not as the outcome of shared decisions made by common institutions, but as the effects of obligations inflicted by the government of another member state. The predictable consequence of this situation is that divisions, nationalistic resentments and mutual distrust between strong and weak countries, creditor and debtor ones, between northern European and southern European or – using a disagreeable distinction – central and peripheral member states are intensifying.

What emerges is that there is a sort of paradoxical mismatch between a decision-making process taking place in Brussels and the almost complete lack of a Europe-wide political debate, a European political dimension and a common public sphere. A mismatch that needs to be corrected if we really want to recover from the crises. Both the economic and the political ones. The reduction of the intergovernmental aspects and the concurrent increase of Europe's democratic strength and legitimacy, and its capability to produce a truly political dimension are the essential preconditions to ensure Europe's recovery.

It is not so much a question of introducing radical institutional reforms overnight, or maybe directly electing the president of the Commission or of the Council. We must be pragmatic. Institutional reforms will have to be negotiated in the future and the creation of a genuine federal Europe remains the aim and the dream for those, like myself, who deeply believe in the European



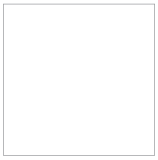
project. Nevertheless, if it is time for a leap forward in the process of European integration, it would be unrealistic to attempt a wide-ranging modification of the institutional framework without the necessary political preconditions. Therefore, we must, first of all, unfold the full potential offered by the treaties and, through a courageous political initiative, we must provide the European political parties and the president of the Commission with larger democratic legitimacy. This could already be done on the occasion of the next European election, if each European party family presents, during the electoral campaign, a political programme shared by the national parties and a common candidate to the position of president of the Commission. This would surely help reduce the gap between European institutions and citizens, who would be actively involved – in a bottom up process – in the choice of the candidate to one of the most important positions within the EU and, therefore, would become engaged with the European project. Moreover, for the first time, we would have truly European elections and no longer the mere sum of national ones. Last but not least, this could counterbalance anti-European parties' and movements' weight during the campaign and the polls.

The main goal must be to overcome that separation between policies and politics that is producing devastating effects. Without politics – which means debate, confrontation between different positions, exchange of opinions, search for a common ground, compromise between options – policies become a technocratic fact. Without policies, politics at national level risk to be more and more reduced to simple narrative, to propaganda. Therefore, away from people's lives.

If we think that in a country such as Italy, traditionally a very pro-European member state, the feelings against Europe have become so strong and widespread to induce the formation of an odd coalition between left and right, we can grasp the extent to which in Europe the pro-European areas are progressively shrinking. Without a bold action, the risk we run is to waste the remarkable achievements of the last decades. Achievements such as the single market or the common currency. At the end of the day this would damage even the strongest countries, including Germany itself.

German sociologist Ulrich Beck recently expressed his concern that the European Union might increasingly become a 'German Europe'. This, he argues, would be a risk not just for Europe, but for Germany itself. German democratic forces have always believed that Germany's destiny was that of a strong country, firmly linked to the European integration project. Yet what we are witnessing today is no longer the development of a European Germany, but of a German Europe. This entails a detrimental hierarchical relationship between member states and, as mentioned, European people's increasing loss of faith into integration.

This is, therefore, high time for strong and bold actions. I think that, if we do not want the pro-European forces and parties to become a minority in our continent, what we do need is a new social

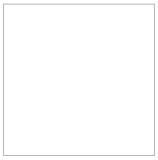


pact among member states and between the great pro-European cultural forces. A new social pact and a new political pact between the progressive forces on the one side and the conservative ones on the other side.

To say that we need more Europe is correct. Yet, it is not enough. We need to make the European Union more democratic but also more efficient, particularly at addressing questions such as inequality and employment. We need to implement an effective solidarity mechanism to support the countries with the highest debt, not because one country should pay for the other's debts, but in order to bring down interest rates and spread indicators by creating a mechanism of European guarantees. In this sense, the idea of a debt redemption fund, proposed by German economists, seemed interesting and should have received greater attention. Furthermore, we need European investment programmes, and in this respect the inability to decide on project bonds and the recent cuts to the Union budget, that will certainly result in fewer resources for research and innovation, are highly disappointing signals.

To re-launch growth, we must also intervene on the demand side. To this aim the completion of the single market, the promotion of competitiveness and the removal of obstacles, such as monopoly positions, are key measures. But, without a wide investment policy in fields such as innovation, green economy, youth employment, such as that which the Obama administration has been implementing in the United States, everything else risks being made in vain.

For those, like myself, who strongly and unfailingly have faith in the European project, it is time for strong political action. We shall address the European public opinions, making clear that the question does not lie so much in the option between 'Europe, yes. Or Europe, no'. Because there is no alternative to the European project. The problem is what political choices we shall make now in order to give back credibility to the European Union and to reconcile European citizens and European integration.



SCIENCE AND DEMOCRACY: TENSIONS AND CO-EVOLUTION

HELGA NOWOTNY
PRESIDENT OF THE EUROPEAN RESEARCH COUNCIL

Amid all the talk about the crisis of legitimacy and the need to reform, if not re-invent, institutions and forms of democratic governance, one institution is usually left out, although its importance for creating economic and societal growth is undisputed: science. It is the prime source and institutional site for the production of new knowledge. In synergy with novel technological developments, science leads to innovation in pursuit of improvements of how our societies live and how they cope with the challenges threating their survival.

Therefore, it might be useful to remind ourselves that to the extent science and technology have become the major drivers of economic growth and intrinsically linked to innovation, the institution of science and its achievements have become subject to contestation. Their democratic legitimacy in being instrumental in the major societal transformations of living and working are challenged.

In the following paragraphs I will retrace some of the more recent contestations to the epistemic as well as social authority of science, the responses that followed and what the scientific community has learned from this experience. Whether such lessons are of any value outside the specific context in which they occurred remains to be seen, but they offer a view of the larger picture, one

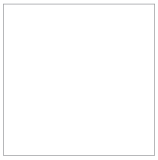
that is more complex and in need of differentiation than the partial glimpse of either science or of democracy allows.

The wave of public contestation of science started almost five decades ago. In contrast to the US, in Europe neither science nor the laws of nature discovered and verified by science were the target. Rather, public indignation turned against the perceived or real risks that became associated with major scientific-technological developments. Protest organised by what is now called civic society was directed against the fact that the public had no say in major technological developments that would also affect future generations.

This was certainly the case with nuclear power, promoted as the new source of energy that would meet rising demand at low cost. This is not the place to retrace the origins and the unfolding of a public controversy which rapidly spread across national boundaries in Europe (Nowotny, 1979). In some parts of Europe the controversy around nuclear energy has left a long-lasting mark on public attitudes. When the German government recently announced its decision to close its nuclear energy plants in favour of initiating the Energiewende (energy transformation) it received wide-spread support from the German electorate.

The nuclear power controversy quickly revealed that the traditional focus of scientific experts on safety features was far too narrow. The technical concept of risk had to be broadened as a consequence. It no longer sufficed to define risk as the probability of an event multiplied by the total of damage it caused, but whether the risk was voluntary or not and whether damage hit mainly individuals or entire communities. Thus, in the view of the opponents, much more was at stake than a merely technologically efficient way of securing energy. Decisions about novel scientific-technological developments of major societal relevance involved decisions about the kind of society people wished to live in, their imagined technopolitical futures. The Chernobyl accident uncovered, albeit in a dramatic way, a profound and simmering unease that became vindicated, it seemed, by a novel phenomenon described as the Risk Society (Beck, 1992).

Other scientific-technological controversies were to follow. They display some marked national variations which have been described by Gabrielle Hecht as 'technopolitical regimes', i.e. "linked sets of people, engineering and industrial practices, technological artefacts, political programs, and institutional ideologies" very often entangled with national identities (Hecht, 1998:12, quoted in Felt, 2013:3). Ulrike Felt has taken this notion further to show how specific sociotechnical imaginaries are constructed, nourished, kept alive and naturalised. She also challenges the widespread standard interpretation according to which resistance against any technology is a form of technophobia, as it goes against an innovation-friendly climate with its promise to overcome the current economic crisis (Felt, 2013).



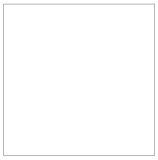
To this day, the controversy about the alleged risks of genetically modified organisms, GMOs, persists in many part of Europe. While science is moving forward to create the next generation of GMOs, a new breed of transgenics, scientists freely admit that only some promises have been fulfilled, while many others have led to a polarised debate. Reliable information and evidence on the true, the false and the still unknown continue to be contested in emotionally-charged exchanges between well-informed members of the public, an aggressively-marketing industry and a scientific debate which is far from being closed (Nature, 2013).

A close analysis of the mixed reaction that nanotechnologies receive by citizens shows once more "that citizens by no means 'misunderstand' nanotechnologies by linking them in a straightforward manner to nuclear energy or agro-biotech – a fear frequently expressed by policymakers. Instead, they embrace a much broader and simultaneously more fine-grained vision of what is at stake… They clearly differentiate…between technological realizations which have a fit with broader values and those which seem disruptive" (Felt, 2013: 16).

Coping with uncertainty and how to accommodate the insatiable curiosity that is at the heart of the scientific and technological endeavour, clearly poses a dilemma. No society can permit science to be without any constraint in following its curiosity. It is unknown where it will lead and what will be the consequences. Taming scientific (and technological) curiosity has taken different routes: an economic, which attempts to channel research into directions that promise technological innovation and useful outcome; a risk-regulated route, which attempts to assess risks in advance and promises to manage them; and a value-guided route, which seeks to build societal consensus around contested, and often contradictory, values (Nowotny, 2008).

But let us return to the reaction of the scientific experts when they felt the first blow to their authority upon being challenged by the lay public's protest against nuclear power. Not surprisingly, the first response was one of dismissal: 'the public' was seen as scientifically ignorant. Worse, their views and what was perceived as an irrational technophobic refutation of scientific-technological progress, were attributed to ignorance which should therefore disqualify the public of having a legitimate voice in the decision-making process on technological developments. Such a stance was neither in line with democratic rights, nor could it stop the contestation.

Hence, a flurry of activities followed in the attempt to fill the perceived 'knowledge deficit' on the part of the lay public. This lack had to be overcome by educating the public. The emphasis was put on 'public understanding of science'. If only, so the argument went, the public would be offered sufficient scientific knowledge and the right kind of scientific evidence, if it was to 'understand' science, public acceptance of new technological developments would follow.



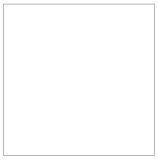
It soon turned out that the promotion of 'public understanding of science' rested on a profound misunderstanding (Wynne, 1992). Simply feeding the public more information on scientific facts did not lead to greater acceptance. Nor did the occasional construction of the public as being 'anti-scientific' hit the mark. The reasons for non-acceptance, as STS (science, technology and society) scholars have demonstrated over and over again, lay elsewhere and often had little to do with the contested science and technology per se.

In some cases, science and technology were an easy target, while the protest and refusal was actually directed against the interests imposed by big agro-business or big pharma. They were seen as being the real driving force behind new technologies, with scientific experts in collusion with profit-driven interests on the part of industrial lobbies. Thus, branding public reaction as 'rejection' distorts and oversimplifies. The alleged rejection can also be read as "a choice of one kind of future over another, chosen by one set of political actors-citizens and popular media – over another – politicians, lobbyists, and powerful technoscientific actors" (Felt, 2013: 17).

Next came the 'participative turn'. Political authorities and the scientific establishment responded in their own way to public demand for participation in decision-making. Especially the scientific community realised that trust in science and its epistemic and social authority were at stake. In order to maintain or regain trust, science had to open up and listen to the grievances and arguments put forth when ordinary citizens who felt affected protested or when citizens simply were taking up questions that nobody had asked them to take up.

A series of initiatives and activities was unleashed which took different, sometimes very innovative forms. Many of these experiments in public dialogue were initiated or organised from above: either by governments or other public authorities with support from the scientific community. Dialogue platforms and debate proliferated, as did consensus conferences and other forms of a newly discovered engagement with civic society. The official discourse changed as well. It moved from 'public understanding of science' and the somewhat naïve belief that all that was needed was to 'communicate with citizens', to a more or less authentic desire of science to 'engage' with society. While these various forms of public engagement led to a flourishing of diverse formats of public dialogues and participation, in the end public participation was unable to deliver the anticipated 'solution'. Nor could it, if the expectation was to obtain public acceptance of whatever novel scientific-technological products or developments were on the horizon. With the benefit of hindsight it is obvious that this was an impossible goal. The agenda of obtaining public support as a carte blanche was too broad and the content too diverse.

It also turned out that 'the public' simply does not exist. Instead, the public is a heterogeneous and fluid mixture of different groups who make use of the three options famously described by Albert Hirschman as 'exit, voice and loyalty'. Patient groups, for example, have specific needs and concerns regarding their treatment that differ vastly from the political concerns of NGOs monitoring global trade agreements



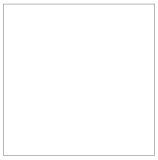
for GMOs. Comparisons across different technopolitical regimes revealed profound differences in three Western liberal democracies in their national settlements with regard to the same technology, thereby exposing the complex entanglements among knowledge, technical capability, politics and culture. Jasanoff also reminds us that democracy is not a singular form of life but a common human urge to self-rule that finds expression in different institutional and cultural arrangements (Jasanoff, 2005).

Forms of public engagement can thus only be conceived of in such a plurality, entangled in a complex array of political and institutional ensembles: on the side of a heterogeneous, even fragmented, public, embedded in different democratic life forms, as well as on the side of the sciences engaged in their attempts to regain trust at varying distance from the firing line. Moreover, 'publics' hold different and often contradictory values which can and do change over time.

Yet, the belief in the Enlightenment ideals of participatory and deliberative democracy as holding the key to mobilising public support for science was persistent. It took some time to admit that all-inclusive participation was neither possible nor in the end desirable. To take but one example: the distinction between an 'invited' public and the 'other' – uninvited – public who continued to raise their voice protest, marks one of the limitations (Wynne, 2007). Both of these 'publics' represent citizens, but the way they exercise their rights and the control that can be excised over them could hardly be more different.

Acknowledgement of the limits and limitations of public participation thus initiated the current wave in the tension-ridden arrangements between science and society. Participation does not function either as 'the solution' for assuring public acceptance nor does it have the capacity to include 'the public' in its inherent heterogeneity and plurality in the democratic processes of decision-making. Nevertheless, public participation assures a modicum of process legitimacy. Perhaps, in tune with the sober and more subdued mood in times of the present crisis and austerity, time has come to reflect and even allow for self-reflexivity on the part of the institutions involved.

This could begin by re-assessing the political imaginaries of science and democracy that continue to shape the co-evolution of their relationship. To take into account the larger picture of the changing role of science in contemporary societies and to understand the unprecedented new challenges that arise from it. Science and technology – the technosciences – have become the driving force for economic growth and social development. This leads to a much more intricate entanglement with economic, social, political and cultural strands all intertwined. The production of new knowledge covers a wide range: from fundamental research pursued in the bottom-up, curiosity-driven mode to tackling the complexity of the 'grand challenges' which require global solutions. In an intensified climate of world-wide competitiveness, innovation - either in its radical form as exclusively science-based or in its various incremental forms - has become the key that promises to unlock the vast potential of science and technology for our future.



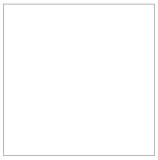
The inherent tension between science and democracy presently undergoes a shift from a risk-oriented preoccupation in the direction of how to cope with the uncertainties that are inherent to innovation. In the past, the experience of contesting the epistemic and social authority of scientific expertise was met with attempts to regain trust and mobilise public support for science. Risks, whether real or not, could be localised and focalised. With innovation as the new global imperative, the terrain is shifting and becoming much more diffused and fluid because of the transnational medley of actors and global framings. The focus on innovation opens up towards a much larger scope and scale of uncertainty, as it is not possible to predict in advance its multiple, and often contingent, effects.

The larger picture reveals a long historical strand of processes of co-evolution. Protest and contestation alternate with eventually more responsive forms of governance which they trigger in form of regulating the new technologies. The law occupies a prominent place in such efforts to 'humanise' technologies, rather than fitting humans to match the latest technologies (Supiot, 2005). Such processes of co-evolution can be traced back to the beginning of industrialisation. "Contrary to what managers, engineers, politicians and risk experts want to make us believe, it is the massive mobilization of the population, of dissident experts and of the victims which have led ministerial departments, industrialist, safety committees and courts of justice to modify their attitudes" (Pestre, 2013, p.151). But today's question is: who can, who wants to mobilise against innovation, if all hopes are pinned on it as getting us out of the crisis?

If one of the main conclusions to emerge from a broader and historically informed view is that new modes of governance continue to co-evolve with new scientific and technological developments, then efforts to obtain public support must be directed towards setting up adequate modes of governance that can cope with the uncertainties and challenges posed by new technologies.

Already now, new kinds of regulations proliferate. Some of them incorporate the precautionary principle, while many struggle with an inherent dilemma: the speed at which novel technological opportunities become available by far outpaces sufficiently robust knowledge about their impacts. Social acceptance cannot be expected without knowing what is to be accepted. Nor are users a category frozen in time. Their experience forms an indispensable part of any regulation. They continue to evolve with the uses to which they put new technologies. Social innovation is just as important as technological innovation. It is thus impossible to foresee all the consequences – we have entered what Allenby and Sarewitz call level III of complexity (Allenby and Sarewitz, 2011).

The evolving dynamics of new modes of governance and arrangements for regulation, standardisation and harmonisation, must strive to include the active participation of citizens. The input derived from their imagined futures and, perhaps most important, their individual and collective experience, requires new public spaces while acknowledging the limitations of public participation.

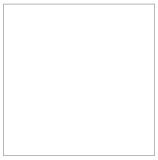


Such public spaces are needed as counter-weight to the blind forces of the markets and the neo-liberal agenda that upholds them. They must be institutional spaces in which citizens, in recognition of their heterogeneity and the plurality of values they hold, can experiment and share their different as well as common experience. Experiment, because only institutionalised public spaces can offer the possibility to step outside the accelerating pace of technological developments and to try out possible alternatives, at least on a small and temporarily protected scale. Experience, because this is the best way to receive feedback from different kinds of users and from those who are affected in different ways. It is the richness and diversity of actual experience out of which new impulses for a creative shaping of the future come (Nowotny and Testa, 2011). To neglect this creative diversity in all its heterogeneity, with all its contradictions and messiness means to adopt the streamlined path of a homogenised monoculture of governance – something against which ordinary citizens are very likely to rebel again.

Any discussion about science and democracy has also to reflect the role played by what Yaron Ezrahi calls 'collective political imaginaries'. They are necessary, yet causative fictions. "A democracy, like any other political regime, must be imagined and performed by multiple agencies in order to exist" (Ezrahi, 2013, p.1). It is quite obvious that political imaginaries would be deprived of political legitimacy, would they not invoke citizens as the ultimate, yet largely fictitious beneficiaries of all the activities undertaken in the name of science, technology and innovation policies. As I have elaborated elsewhere, the dominant collective political imaginary in this kind of political public engagement with science – political, as it includes the imaginaries also of government agencies and public and private funders - is predominantly utilitarian and instrumental (Nowotny, 2013).

Collective political imaginaries are not uncontested, as the circulation of counterimaginaries shows. The performativity of imaginaries is difficult to predict, as it is subject to contingent factors and constraints. Collective imaginaries are intertwined with the fluidity of the media world. The new media and information and communication technologies have brought about dramatic transformations which impinge on science as much as on democracy. Information from many different sources, although differing in quality and reliability, has become widely accessible. Among many other effects, this ready and abundant availability has brought about a change in authority relations. Arguably, information obtained through the internet and other communication media does not equal knowledge but there can be little doubt that it has contributed to dilute scientific expertise.

Perhaps surprisingly, the new media and communication technologies also offer new ways of including citizens by making them participants in the research process itself. Such inclusion crosses the scientific expert divide and reconnects with a tradition which is as old as the origin of modern science in the 17th century. At the time, a small and enlightened minority claimed to be citizens in the imagined Republic of Science. They were part of a social movement that swept across Europe in what historians of science call 'the scientific revolution' (Heilbron, 2007).



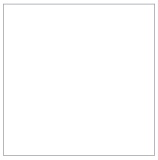
Later, the Industrial Enlightenment began its ascent through a social movement consisting of craftsmen, local dignitairies, workers and amateur associations. Based on the belief that systematic useful knowledge was key to economic development, their experience, dexterity, imagination, and intuition greatly helped to created new technology (Mokyr, 2009). In the second half of the 19th century, these amateur citizens, the 'lovers' of science and technology, became marginalised with the rise of formal training in special technical schools and universities and with research becoming a highly professionalised activity.

Today, we witness a remarkable opening of science towards what is called 'citizen science'. Remarkable, because it offers new ways of entry for ordinary citizens to participate in the research process, using the web and apps that by now have become everyday communication tools, especially for the younger generation. Other forms of participation have enabled ordinary citizens to become co-authors of scientific publications, fully acknowledging them as collaborators. Examples range from the famous 'fold-it' online competition, in which participants succeeded through the internet to come up with new solutions for how to fold a particular protein, to the Galaxy Zoo project in which new galaxies were discovered by non-professional researchers (Nielsen, 2012). It may sound trivial when young researchers take to 'crowd-funding' to obtain extra funding for their scientific activities. Yet, it constitutes a novel form of outreach through which citizens become interested in science (Feder, 2013).

None of these unconventional experiments in public engagement with science should distract from the core of the tension between science and democracy. Yet they offer a new point of entry fostering the idea of 'civic epistemologies', i.e. how citizens know in common and how they can apply this knowledge to politics (Jasanoff, 2005).

As we have seen, the commonality of knowledge and even more, its application to politics remains continuously open to negotiation and struggle between different interests, access to resources, and a plurality of values. Science, technology and innovation in a democracy are not exempt from these conditions. "A democracy is not a political regime without conflicts, but a regime in which conflicts are open and in addition negotiable…Under this regime, conflict is not an accident, nor bad luck; it is the expression of the characteristic of the common good which can neither be decided scientifically, nor dogmatically…The political discussion is without conclusion, although not without decision," (Ricoeur, 1991, pp.166-167; quoted in Pestre, p. 155).

At the same time, science has something unique to offer to democracy: science is a public good with an inexhaustible potential for the future of humankind. It is unique in its capacity building. It brings to democracy with its in-built short-term cycles and considerations a long-term perspective, based on the systematic inquiry and engagement with the natural and social world. For better or worse, this one world is increasingly of our own making. It remains up to us, as individuals and to



our institutions, to ensure that the scientific endeavour retains its openness in an ongoing process of tension and co-evolution.

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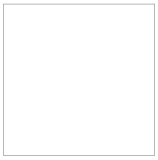

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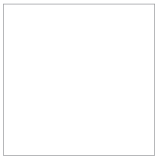
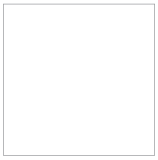
The translations of the quotes from Pestre and Ricoeur are mine, HN.



PART II: MIGRATION AND CITIZENSHIP

The EU is the world's second-largest receiver of migrants, with 25 million third country nationals within Europe's territory. The financial crisis has led to a rapid rise in unemployment among migrant workers, while competition is also on the rise as unemployed local people are increasingly turning to jobs traditionally filled by migrants. The EU's current policy was defined before the economic crisis and speakers of this session discussed what should be done to face this new reality and the additional challenge of an ageing Europe. The speakers also debated integration of migrants and the perception that multiculturalism has failed. The EU's wider role in supporting refugees, and the need for a common asylum policy, also formed part of the debate.

The session was chaired by Philippe Fargues, director of the Migration Policy Centre, RSCAS, European University Institute. The themes were addressed by Giuliano Amato, president of Sant'Anna School of Advanced Studies of Pisa; Cécile Kyenge, Italian minister of international cooperation and integration; Cecilia Malmström, European commissioner for home affairs and Anna Terrón Cusí, managing partner at InStrategies. Alain Frachon, editor in chief of Le Monde, moderated the session.



Afternoon session on Migration and Citizenship

LA CITTADINANZA

CÉCILE KYENGE

ITALIAN MINISTER OF INTERNATIONAL COOPERATION AND INTEGRATION

Il mio intervento vuole sottolineare, anche in questa sede, la necessità di avviare un'ampia discussione su un tema di importanza capitale: quello della cittadinanza. In questi giorni, in molti luoghi in Italia, si è parlato di cittadinanza, di *ius soli,* discussione tornata finalmente alla ribalta per offrire -sia alla società civile che ai partiti politici- l'opportunità di esprimersi su un tema tanto importante. Io credo che questo sia il momento opportuno per interrogarci sulla questione. Ho parlato di *ius soli* senza specificare che tipo di *ius soli* bisognasse fare nello specifico, e ciò per cercare una risposta il più possibile condivisa e arrivare a una proposta di legge che dia risposta al milione di minori che vivono in Italia e che ancora oggi non si vedono riconosciuta la nazionalità italiana.

Ho scelto di parlarne oggi in Europa perché credo che anche l'Europa debba cominciare un'ampia discussione sul tema in tutti i suoi Stati membri, cercare dei criteri per uniformare le varie procedure e raggiungere una convergenza. Parlare di *ius soli* non significa parlare di *ius soli* "puro". Esistono diversi modelli, differenti scelte che possiamo intraprendere per trovare una soluzione, cercando il confronto anche con chi non è d'accordo con noi.

In questo momento in Italia abbiamo una legge, la n. 91 del 1992, secondo la quale un bambino che nasce in Italia non può avere la nazionalità italiana fino all'età di diciotto anni, previa richiesta esplicita. Ci sono dei percorsi che questi ragazzi devono fare all'interno della scuola e parlare di "integrazione", che è anche il nome del mio Ministero, vuol dire cominciare ad offrire degli strumenti a quei giovani che un giorno saranno i dirigenti di questo Paese. Parlare d'integrazione vuole dire individuare dei criteri, dei meccanismi e ciò va fatto insieme all'Europa, non è più questione che riguarda un solo Paese. Credo che ci sia bisogno di offrire un'opportunità ai molti giovani che hanno problemi d'identità, che incontrano problemi nel cominciare e finire un percorso, che sentono la necessità di riconoscersi nel Paese in cui sono nati e cresciuti. Accanto a loro, credo che la discussione vada allargata anche a chi ha scelto di andare via dal proprio Paese, a chi ha individuato, con o senza costrizioni, un Paese europeo come casa propria.

Non possiamo parlare d'integrazione senza parlare di cittadinanza, non possiamo parlare d'integrazione senza fare riferimento a una comunità che deve ricercare i modi per una nuova convivenza e una nuova coesione sociale. Per questo, il Ministero per l'Integrazione vuole diventare presto un ministero per l'"Interazione". Integrazione vuol dire non soltanto immigrazione: vuol dire mescolanza, contaminazione, conoscersi e individuare insieme una possibilità di convivenza, senza la quale lo scontro è inevitabile. L'Europa deve fermarsi, riflettere e andare incontro a questa soluzione. In questi giorni ho subìto tantissimi attacchi e insulti. Mi spiace che la mia popolarità sia andata fuori dall'Europa per questi episodi; ma credo che, in questa sede, io debba ringraziare la parte buona dell'Italia, voglio ringraziare tutti i Paesi e le persone, istituzioni comprese, che hanno saputo reagire e dare una risposta, che è anche la mia risposta ed è quella che vorrei dall'Europa per lottare contro ogni forma di razzismo e discriminazione, ma soprattutto per partire insieme, cittadini autoctoni e cittadini di origine straniera. C'è bisogno di un'Europa dove si possa lavorare uniti, dove i diritti e i doveri camminino a braccetto, dove ogni cittadino sia uguale davanti alla legge. La legge deve punire chi delinque, ma ciò non deve farci dimenticare che l'immigrazione è una risorsa. Bisogna partire da qui, dal riconoscere nell'immigrazione una potenzialità, per cominciare un percorso d'integrazione e d'inclusione nella società da portare avanti a testa alta con i valori del proprio Paese, valori da portare in ogni luogo, in Europa e fuori dall'Europa, come cittadini del mondo.

EUROPE SHOULD GIVE MIGRANTS THE OPPORTUNITY THEY DESERVE

CECILIA MALMSTRÖM
EUROPEAN COMMISSIONER FOR HOME AFFAIRS

Today is 9 May 2013. If we look 30 years ahead, on 30 May 2030, the world will look quite different. That is only 17 years away but many things – predictable and unpredictable - will have changed. But we can also be sure that other things will not have changed.

We will still want to live in a prosperous and peaceful Europe; we would also want this for our children and grandchildren. We would like to have a good doctor if we need one and we would want our children and grandchildren to have access to education and a decent job. That is what I want for my children. But we cannot take this for granted with the crisis. We are going through a very severe crisis and it will take time before we get our economy back on track.

By 2030, we will also be much older. There will be very little indigenous population growth in some countries and the population in working age in some countries will have shrunk.

How can we respond to this? Let me give you some reflections. Of course, we need to step up all our efforts to stimulate economic growth. We need to reform labour participation; Europe cannot afford to have the best educated housewives any longer. We need to do educational reforms and invest in research

and development. We need to increase the possibilities to move within the internal market and we need to address youth unemployment. But we also need to make a much better use of the skills and talents we already have here in Europe, particularly among migrants and refugees. Too many of them have no job at all or a job below their skill level. And many of them are European citizens or aspiring to become European citizens. We also know that there is untapped potential of entrepreneurship amongst this community but unemployment is very high.

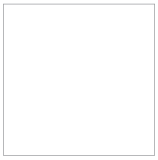
Some countries do better than others and we need to learn the lessons. Migrants and refugees have a pool of skills and talents which is untapped and we need to make use of it. Whilst stepping up integration efforts we should not deny the challenges: people today are facing a very difficult situation and feel insecure about their own future. This environment breeds fertile ground for xenophobic and populist and even racist movements. This requires leadership and we all have to stand up against easy solutions and avoid that migrants become the scapegoats of this phenomenon.

We need to make difficult political choices. How do we address the pressure of more people arriving in cities? How do we provide housing and social services? How do local authorities find the answers to do what it takes to manage increasingly diverse societies? Absorbing new citizens and migrants is not easy but we do want an inclusive Europe, we have to make it happen and we have to meet this challenge. This is of course a two-way integration process: migrants will be required to do their part like all citizens; they have to learn the language, respect the laws and rules of the host society and do what they can to integrate successfully. At the same time, the majority society has to make sure that migrants are treated as full members of our society with both the rights and obligations that follow.

The Italian Minister for Integration Cecile Kyenge spoke very passionately about citizenship. This is an issue that is decided at national level and where there are no harmonised EU rules, but facts show that if you have the possibility to become a citizen in your new community you will have a stronger feeling of belonging. Therefore I very much welcome that this is discussed in Italy and elsewhere.

We should also stop criminalising people because they cannot show the right papers and stop blaming migrants for problems they have not caused. This is the only way to enable migrants to achieve what they aspire to: be full part of our society and live well in our communities and be able to provide for their families like all of us.

We do have high unemployment rates and this is of course a tragedy for million of individuals and for our societies and our economies but, at the same time, we also know that there are serious labour shortages in Europe. Millions of jobs are and will remain unfilled in the future. How do we deal with this paradox? We are short of people in some sectors - engineering, IT, health - and we also have, at the same time, millions of unemployed.



This again demands a very strong political leadership because in order to grow Europe needs skilled people. And while many Europeans are out of work, businesses also have to look elsewhere. This is a very difficult message to send but our demographic development is indeed a huge challenge for the future.

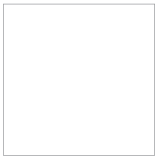
From the EU side we are trying to put some pieces in place and we have the first blocks of a common European migration policy. We already have the so called Blue Card for skilled workers and there are proposals on common rules for intra-corporate transfers, seasonal workers and students and researchers as well. These proposals are being negotiated.

We also have to adapt to changing mobility patterns. An increasing amount of people in the world today can choose where to go and many of them will not choose Europe. International statistics show that people tend to go elsewhere while we need them to come here. We need to make the European Union an attractive place to go to. This is why we have to put in place flexible admission policies and reform our visa policies. We must be clear about the skills that we need. We need to identify the labour sectors that have potential and we have to work with businesses to define our policies. We also need to reach out to the countries where people can come from and above all, once again, we need to make Europe an attractive place to come to.

Everybody has a role to play here: politicians, academics, the business sector and media. We all need to contribute to changing the attitudes. Political leaders need to show the courage to tell the truth about the current situation. They have to explain why Europe needs these people and how we can make this possible. Academics have a very important role to play to dismantle some of the worst myths and to show the facts and the evidence of what societies look like today and what they will look like in the future and what role migration really plays. We need business leaders to step up and speak out about their demands, their expectations and their arguments. The role of media is important in order to give migration a human face and to give migrants a voice and help getting away from stereotypes.

So to conclude, migration and citizenship are areas that will have a big influence on how Europe will evolve in the coming years. Migrants are often asylum seekers who come to us and ask for shelter and international protection. I am very happy that we will very soon have common rules and standards on how to receive people who are asking for protection. Let me stress that many of these people are skilled and they must be given a possibility to realise and fulfil their potential in their new countries. As for other groups of migrants; we need to look at possibilities for well-managed migration in order to bring benefits to them, to our citizens and to our economies. Our response to this depends on whether Europe comes out stronger or weaker economically, socially, culturally.

To reap the benefits of migration we need open, transparent, realistic policies and strong political leadership. We need a Europe open to the world, a Europe that gives people the opportunities they deserve.



MAIN ISSUES IN MIGRATION AND INTEGRATION TODAY

ANNA TERRÓN

MANAGING PARTNER OF INSTRATEGIES AND SPECIAL ADVISER FOR COMMISSIONER CECILIA MALMSTRÖM ON MIGRATION AND MOBILITY; FORMER SPANISH STATE SECRETARY OF IMMIGRATION AND EMIGRATION

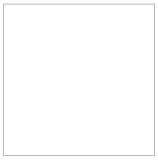
The right to free movement in the European Union is one of the core pillars of the EU, and one of the most distinctive characteristics of the European project. In that sense, the European Union is a unique area of free movement over the world. The area of free movement of persons presupposes the strengthening of cooperation, the abolition of internal borders and, therefore, the establishment of common standards to manage (and to cross) external borders. This was done on the basis of the Amsterdam Treaty, and it was easy to understand that a common European policy on migration and asylum had to be the next step to fulfill the area of free movement. It was assumed that the elimination of internal borders should drive necessarily to the development of common immigration and asylum policies.

At that time, in 1999, it was also considered that the adoption of the Charter of Fundamental Rights of the European Union could be the bases for the development of a European citizenship, and that it could impact on the integration of third country nationals. It was written in the Tampere Summit Conclusions:

"Towards a Union of Freedom, Security and Justice: the Tampere Milestones

> 1. (…)
>
> 2. (…) The challenge of the Amsterdam Treaty is now to ensure that freedom, which includes the right to move freely throughout the Union, can be enjoyed in conditions of security and justice accessible to all. It is a project which responds to the frequently expressed concerns of citizens and has a direct bearing on their daily lives.
>
> 3. This freedom should not, however, be regarded as the exclusive preserve of the Union's own citizens. Its very existence acts as a draw to many others world-wide who cannot enjoy the freedom Union citizens take for granted. It would be in contradiction with Europe's traditions to deny such freedom to those whose circumstances lead them justifiably to seek access to our territory. This in turn requires the Union to develop common policies on asylum and immigration, while taking into account the need for a consistent control of external borders to stop illegal immigration and to combat those who organise it and commit related international crimes. These common policies must be based on principles which are both clear to our own citizens and also offer guarantees to those who seek protection in or access to the European Union.
>
> 4. The aim is an open and secure European Union, fully committed to the obligations of the Geneva Refugee Convention and other relevant human rights instruments, and able to respond to humanitarian needs on the basis of solidarity. A common approach must also be developed to ensure the integration into our societies of those third country nationals who are lawfully resident in the Union". (Tampere European Council, 15-16 October 1999, Presidency Conclusions)

Today, we are far away from these objectives. We have some elements of a European migration policy. It should be said that many things have been done. Currently, we have an important package of measures to address family reunion, long term residence, high skilled migration (blue card), a common system of admission policies for purposes other than short term stays and so



on. There have been also a lot of initiatives regarding the external dimension of the migration policy, from the development of the Global Approach to the recent partnership on migration and mobility signed between the EU and Morocco. Although all improvements, currently the EU approach to labour migration management is blocked. We do not have an integral and comprehensive EU migration policy. The proposal was on the table, within the frame of the Tampere program, but it wasn't properly developed. The sensitivity of the issue in, mainly, national political rhetoric makes it very difficult to address. Indeed, today internal freedom of movement itself is under pressure.

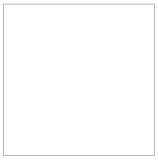
Since 1999, migration and mobility patterns have considerably changed–due to the globalization process and, more recently, due to the economic crises and the social and economic changes that occurred in Europe and in the rest of the world in the last years. In that sense, if we adopt all the proposals blocked on the table of the European Council of Ministers since the beginning of the century, maybe we could put ourselves in the situation to face the problems of the last century. But certainly, we couldn't solve the problems we are facing today.

Increasing mobility for both short stay and long term residents is inherent to our internationally oriented economy. Today, our economies compete globally for talented people; our companies call for open-minded workers, with international skills (at that point, it is important to notice that an important part of the so-called second generations could be, in fact, intercultural and international skilled workers), not only in the field of highly qualified, but also mid-, and not formally qualified people, regardless of unemployment. It is also the case that some of our employees are looking around for the (available) cheaper labour force to bring them into our internal market. At the same time, European politics and leaders are looking indoors, trying to keep a certain 'European' national model which deserves to be protected.

The terms of discussion

Nowadays, the terms of discussion about migration policy are how to make compatible the rising need of high mobility of our economic system and the high demands of mobility in a global world with a framework of appropriate management of migration and diversity.

In Europe, we have one of the strongest social protection systems on the planet, and very developed national labour markets and national welfare states systems. Each member state has a model of protection for workers under the control of different forms of social dialogue and has (with some exceptions) a social welfare system that aims to combat exclusion, which all citizens are both beneficiaries and responsible. So, we have to make compatible the existing -almost unlimited- amount of manpower in the international scenario (some of them trying to reach Europe) with the European



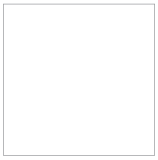
welfare (and inclusive) society. Currently, we are dealing with this challenge at the national level. No evidence shows that the national approach has driven us to a better migration management neither to a more inclusive society. Fifteen years after the first attempt, it is time to address it at the European one, working along with other administrations from local to regional and national levels, in order to manage migration and to balance the needs of our economies with the challenges to our societies.

To do that, we need to redefine the terms of discussion. I do think we have to answer a question that can sound incredibly simple to answer but that actually is not: why do we control migration? What is the expected result of migration controls? It could be easy to let labour markets indicate to us the real migration needs, but in fact, past experiences have demonstrated the need to balance these demands in order to maintain social cohesion.

To explain why we prevent people from moving, entering, and staying in the EU in the era of globalization we have to refer to our social model, and admit a hard existing tension between a local (national) labor force market, with local (national) social dialogue and local (national) welfare systems, and the existing international labor force. An unlimited number of workers pushes the prices down, and creates a vicious circle of migration, social exclusion, social tension and fears of local population, including those who were themselves migrants. A recent example of that is the reaction of Switzerland against EU internal free movement. It is painful, but their complaints about the rapid decline in local prices of labor should be taken seriously. Migration management is to prevent tensions in the labor market, aiming to guarantee integration and social inclusion. This can't be solved by border controls; this is also about economy, labor market and migration policies.

We all agree on the need for a security policy, and internal free movement area needs a secure external border. We have made a lot of progress in both, internal and external cooperation. Border control policy is needed, but enforcing migration policies and legislation is more than that. Security and migration policies should be developed in convergence but separate, to address the different challenges that they need to solve. The existence of a double legal base in the Treaty for the so called 'legal' and 'illegal' migration, which is there not for any rational criteria but the lack of consensus in the Council, creates an artificial division (and, indeed, is the bases of a very dangerous political rhetoric). Security policies mean law's enforcement, including enforcement of the migration laws among many others. That is needed, but is not itself a migration policy. We also need a European migration policy and migration management strategy.

We do need a new deal on how to manage labor migration in the globalized world. We do need a set of tools to establish a real multilevel governance of migration, in which EU is very relevant both



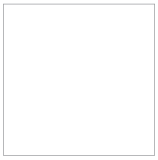
internally (creating a more consistent internal framework) and to deal with international management of migration. We need a strong commitment of social partners, including private business sector to combine mobility and protection of social cohesion. Integration should be a key factor of a new model. In fact, our migration policy should be oriented towards integration: we have to consider the way migrants get into the EU, the way they access the labor market and the conditions in which they (and their families) arrive. We also have the need to integrate societies, that means to manage diversity. A diversity which is no longer coming only from migration, but in whose definition migration plays an important role.

Models and narratives

In this project, political rhetoric plays a key role. How can we develop a real migration policy if migration approach is based not in facts but in fears? How we can deal with real integration if we look for political profitability in strengthening these fears? It is really difficult to fight against fears and concerns if they are confirmed by political and public leaders, who pretend to be close to the citizens' concerns without moving to propose realistic solutions. This is a challenge that doesn't involve only migration issues. In fact, it is very similar to all anti-European discourses. If you look closely, it is easy to confirm that all media that have been very aggressive against European Union and European integration are exactly the same that are against migration and against migration policies at EU level. In that sense, as public leaders, we cannot blame Europe or blame migration and expect people to have positive attitudes (or rational controversies) towards these topics.

What comes first, people's concerns or political rhetoric is hard to know. In the case of Spain, for example, we have hardly tried so far to stay away from migration as a controversial point in public agenda, so we have avoided social confrontation. In fact, the current government has changed the health access of irregular migrants, and polls show a vast majority of population has expressed their concerns on this measure. Is it the population to blame or some public leaders' attitudes? It means that public discourses are vital, and is necessary to avoid promoting fears in order to obtain electoral gains. We have to stick to reality (and real problems) and not to myths, because it is a key element to foster integration and for a good management of migration.

Today the whole agenda of immigration is overwhelmed by, on the one hand, mobility in the global world and, in the other hand, diversity in the European societies. At this moment, we need to create an EU model for labour migration and for labour management. And we also need to promote a public narrative to strengthen this perspective. We are living in a global world, and European societies are diverse and plural. We have to look again to the concept of European Civic Citizenship, and update the European migration agenda, trying to find the way to address migration bridging the gap to include labour migration management in the European approach.

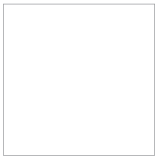


This is not an innovation; in fact, it is more 'back to the beginning'. Europe is about differences. Since its inception, the European Union has managed differences in a positive way. We still need to do so, within the European Union and also with our neighborhoods (managing migration is also a way to talk with our neighbors), and within each of our societies.

The European Commission is taking steps in that direction, but EU member states and citizens should also move in that direction:

The Europe 2020 Strategy and the Stockholm Programme fully recognise the potential of migration for building a competitive and sustainable economy and they set out, as a clear political objective, the effective integration of legal migrants, underpinned by the respect and promotion of human rights. (…)The renewed European Agenda for the Integration of Third-Country Nationals is a contribution to the debate on how to understand and better support integration. A diversity of approaches is called for, depending on the different integration challenges faced by various types of migrants, both low and highly skilled, as well as beneficiaries of international protection. Europe needs a positive attitude towards diversity and strong guaranties for fundamental rights and equal treatment, building on the mutual respect of different cultures and traditions" (COM(2011) 455 – European Agenda for the Integration of Third-Country Nationals).

We are still discussing immigrant integration while we have passed into a time when the immigration agenda is overwhelmed by the reality of mobility in the global world. And, last but not least, from being countries of immigration to be an inherently plural and diverse societies whose members live in a plural and interconnected world.



KEYNOTE LECTURE

LAURA BOLDRINI
PRESIDENT OF THE ITALIAN CHAMBER OF DEPUTIES

Mr. President, authorities, ladies and gentlemen,

As I speak rescue workers and volunteers are busy digging through the rubble in Dhaka, searching for the bodies of those still missing after the factory they were working in collapsed just over two weeks ago. The hundreds of workers who were in the building at the time, over 700 of whom have lost their lives - and the many millions like them in Bangladesh and elsewhere – worked long hours in dangerous conditions for the equivalent of a few dozen euro a month. Bangladesh must, of course, do more to ensure adequate working conditions and better wages, but the primary responsibility for what happened in Dhaka – and for the countless other such incidents in sweatshops around the world – lies with us. The 'Rana Plaza' workers produced garments for Western firms, many of which were European. Their 'slave labour', as Pope Francis has so aptly described it, was and is the result of Western – and European – companies' unbridled quest for profits. It was also the result of a tendency, on the part of private enterprises worldwide, to flee from countries where labour laws and government enforcement protect workers. And our governments have, so far, been unable to stem this tide – or have responded to it by dismantling

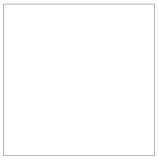
safeguards for workers in their own countries. Are we – is Europe –relinquishing its role at the forefront of the global battle for rights?

The European Union has signalled that it may consider trade actions against Bangladesh, limiting or eliminating the preferential access to EU markets for its garments. This is a step in the right direction, but does little to address the root causes of the problem. Some of the firms whose clothes were produced in the 'Rana Plaza' factory have stepped forward to offer compensation to the victims and their families. To ensure public awareness and a culture of responsibility, public opinion needs to be well-informed. This is the part played by the robust, independent and pluralistic media we need to foster. The companies which have taken these steps were responding to effective media coverage at home. Too few major European exporters – including in Italy - have signed up to international initiatives geared at ensuring fair working conditions worldwide.

For decades Europe drove the process which led to the consolidation of fundamental rights in international law. We led the battle worldwide to ensure that rights be recognised, not granted. We enshrined the right to work in our constitutions, establishing the 'social Europe' on which the European project is founded. We strove to enforce what one of Italy's most well-known theorists on the subject, Stefano Rodotà, has called 'the right to have rights'. And Europe – the European project – was a powerful magnet, attracting other countries which were lured by the idea of a space of freedom, common values and shared prosperity.

Is the European project still so appealing? Yes, the EU has integrated human rights into its foreign policy. Yes, the EU is leading the global battle for a moratorium on the death penalty. Yes, the Union now has an Agency for Fundamental Rights. Yes, the EU is a model for states elsewhere in the world – in East and West Africa, for instance - which wish to create areas where people and goods can circulate freely. And yes, the possibility of accession to the European Union can still contribute to getting old enemies to sit around the same table and to strike deals which would not have been possible a few years ago, as the recent agreement between Serbia and Kosovo shows.

In other ways, however, Europe has chosen to forego its leading role in the protection of fundamental rights. Efforts to secure Europe's borders have led some member states – including my own – to fail to respect international law by sending refugees back to countries where they were at risk of torture or inhuman or degrading treatment, or where they could have been returned to the states where they faced persecution. On some occasions, member states have signed readmission agreements with third countries which have not been subjected to parliamentary ratification – and scrutiny – and where human rights clauses are either inexistent or weak. For too long, our attention towards the southern shores of the Mediterranean – our common sea, the *Mare Nostrum* – has focused almost exclusively on migration control, despite our knowledge, as Europeans, that mobility

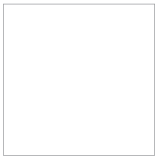


helps drive growth. Now, in the wake of the Arab Spring, Europe could and should play a greater role in supporting and strengthening the new democracies in the region.

Across Europe, and particularly in countries which have traditionally been staunchly pro-European, anti-European feelings are growing. A poll published yesterday by an Italian daily shows that, for the first time, a majority of Italians – 53 per cent - now view EU membership in negative terms. As 'Europe' becomes synonymous with 'austerity', as the recession deepens across most of the continent, unemployment spirals and families struggle to make ends meet, nationalist, inward-looking sentiments are replacing the ideals Europe's founding fathers fought for. Solidarity, one of the founding principles of the European project, is being replaced by petty, vengeful attitudes which divide Europe instead of uniting it, pitting allegedly spendthrift members against tidy book-keepers. Extremist forces whose statements and actions often have explicit neo-Nazi overtones are now represented in a number of national parliaments. Racist gangs roam the streets of some European countries, harassing and attacking migrants and refugees. Freedom of speech and the freedom of the media are being curtailed in other parts of Europe.

How can we reconnect Europe with its citizens? How can we ensure that Europe regains its rightful place as a model for the rest of the world? I believe we need to return to and uphold the values and principles on which Europe was founded. We need to reinforce, not undermine, the European social model, with its emphasis on protecting – not discarding - those in need, and on safeguarding workers' rights. Southern Europe – my country, Italy, as well as Greece, Spain and Portugal – needs more, not less, welfare to counter the effects of the crisis and to enable people to get back on their feet and forge a better future for themselves, for their countries and for Europe as a whole. We need more, not less, solidarity between and within states, and more solidarity between generations. We need labour reforms which combat job insecurity, rather than furthering it. We need to take stock of the effect of austerity measures and heed the calls for changes in policy before it is too late. If we do not take these steps, Europe's social cohesion is at risk – and our youth may come to be known, in the future, as Europe's 'lost generation'.

We need to involve parliaments – national parliaments and the European Parliament – more in the European decision-making process, ensuring that economic and monetary policies approved in Brussels are discussed by elected representatives. Article 13 of the Fiscal Compact is a first step in this direction, but more needs to be done. We need to strengthen institutions in member states. The processes and deliberations of elected institutions, like parliaments, must become more transparent. And we must ensure that independent bodies tasked with monitoring and upholding human rights exist in all EU countries. Some say that strengthening rights is not a priority when times are hard. I believe that the opposite holds true – that more rights, as Amartya Sen has so forcefully argued, lead to a greater sense of participation in and ownership

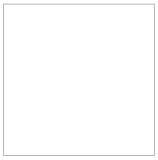


over political processes, and - as the history of Europe over the last decades has demonstrated – to greater prosperity.

We need to ensure that EU members which violate fundamental rights, or which undermine the values Europe has enshrined in the Treaty on European Union, face swift, strong action in much the same way as states whose budget deficits are not in line with provisions in the Maastricht Treaty are systematically subjected to procedures which aim to ensure their respect for those provisions. We need the European Union to subject its members – and not just accession or candidate countries – to the same scrutiny as regards respect for fundamental rights and freedoms which it reserves for countries' economic and financial performance indexes. We have the tools for this – Article 7 of the Treaty on European Union. We only need to ensure that we use these tools to defend those fundamental rights – and the European project as a whole.

2013 is the European Year of Citizens. Let us ensure that Europe's citizens all have equal access to the rights they possess, that public opinion is swayed by facts, not fiction, and that it is able to mobilise to demand respect for those rights – in Europe and elsewhere.

Shortly before he died, my fellow countryman, the great multilingual novelist Antonio Tabucchi wrote about this "strange European Union, where book-keeping takes precedence over human rights". I hope that his prophecy never comes true. Mr. President, authorities, ladies and gentlemen, we need more, not less rights. We need more, not less Europe.

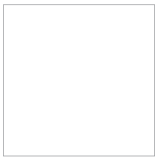


MID-DAY PARALLEL SESSION C: MIGRATION AND THE FUTURE OF EUROPE'S DEMOGRAPHY AND ECONOMY

By 2050 Europe's population will have decreased by 11 per cent, while the world population will have increased by 35 per cent. This session examined the strategy the EU should take in order to overcome the demographic and global competition challenges of the coming decades, given the context of global recession and decreased public spending. Migrants to the EU, whether they are high- or low-skilled, are already playing a positive role as welfare providers and financial contributors to the pension system. The European Commission already is aware that attracting migrants to the EU will be key to overcoming the demographic burden. Migrants are also important actors in the EU innovation process, critical for Europe's success in the competitive challenges it faces from around the world.

In addition to the above, the panelists discussed the factors pulling migration flows and the obstacles to developing a European migration policy.

This session was chaired by Alessandra Venturini, deputy director of the Migration Policy Centre, RSCAS, European University Institute. The speakers were Göran Hultin, chairman and chief executive officer of Caden Corporation; Louka Katseli, professor of economics, University of Athens; Cecilia Malmström, European commissioner for home affairs and Rainer Münz, head of the research & development of Erste Group. Norma Cohen, demography correspondent of *Financial Times,* was the media representative.



MIGRATION IN THE GLOBAL ECONOMY

GÖRAN HULTIN

CHAIRMAN AND CHIEF EXECUTIVE OFFICE
OF CADEN CORPORATION

Migration in the global economy – a case for business engagement

The global economy and migration are closely linked. The troubling developments over the past few years and the difficulty that the global economy is having in turning things around will continue to impact on migration, in many ways. The research and policy dialogue has advanced our insight into the issue, but a business angle on migration has generally remained weak.

In many parts of the world the financial crisis has had dramatically harmful effects on the confidence that people have in the future of their livelihoods. While emerging countries have managed the crisis relatively well, people in most industrialised economies saw their prospects of employment and a steady income disappear. Policymakers in general recognise the need for migration as one of the responses to an ageing and declining workforce and persistent skill shortages. The impact of the economic crisis is, however taking Europe in the other direction. The lack of job creation and increasing unemployment are putting Europe's political leaders under pressure to raise barriers of entry.

Shifting global migration patterns – source or destination?

Data on hiring practices suggests that source and destinations countries may be in the process of change, mirroring the rebalancing of economic opportunities that increasingly favour emerging economies. A quarterly global employment outlook survey indicates that the level at which industrialised country employers are planning to increase staff is dwarfed by that of emerging economies. With a weak jobs market in 'traditional' host countries, the economic opportunity that is offered in countries such as Brazil, Mexico, India and China appears to be changing the direction of labour migration flows.

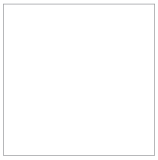
High unemployment – yet employers cannot find the right skills

Even in these difficult economic times, one in four employers in Europe reports difficulties in filling vacancies due to a lack of available talent or the right skills. Although skill shortages continue to remain significant for high-level talent, the more prominent shortage is in mid-level skill professions such as technicians, sales representatives and skilled manual trades.

The difficulties that employers have in finding the right skills indicate that not only are education and training policies wrongly aligned with the needs, but also that labour markets lack in geographical mobility nationally and internationally.

As medium-skill level jobs remain unfilled, negative repercussions for highly-skilled workers are inevitable. World-class talent is essential for shaping the future of economies, for creating new opportunities, innovating and turning ideas into actions, but they also need the support of mid- and low-skilled professions for the infrastructure and services to be productive. The extent to which jobs are created or lost will depend on how the talent and skill challenges are addressed and how they are deployed.

In addition, the demographic reality for the industrialised world presents increasing challenges for an adequate supply of desired labour. By 2025 an ageing Europe will have lost 24 million workers from its indigenous workforce as highly educated and technically skilled workers exit the market place. The demographic reality is not confined to the industrialised world. China's population and workforce are also ageing rapidly. Skill mobility will become an increasingly important means to ensure that talented people are able to access jobs and employers are able to access talent anywhere in the world.



High-level skill mobility – a case for consistency, speed and simplicity

With career advancement and lifestyle experiences driving white-collar workers to take up foreign assignments, mobility, returning home or moving on to new opportunities is already inherent in the high-skill sector. It is determined by competing global opportunities and the career decisions that the sought-after people with the right skills choose to make. The main challenge for highly-skilled migration is therefore not whether a visa or work permit can be obtained, but rather how cumbersome and costly the bureaucracy is and how much time or opportunity is lost in the process.

Businesses make investment and planning decisions based on medium- and long-term considerations. Migrants make a significant life decision to work abroad. They both need medium- and long-term stability of the policies that govern their commitments.

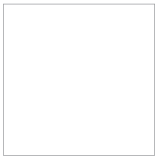
The war for talent is now a reality. Europe cannot assume it is the destination of choice. It needs to work on its attractiveness and be welcoming. With their higher growth rates, the levels of hiring activity in countries such as China, India and Brazil are higher than in European countries by a factor of up to four. These countries offer appealing career opportunities, not only to skilled professionals outside of Europe but also to our own homegrown talent.

Linking migration with labour market needs – a mid-level skill challenge

Managing migration of workers with mid-level skills raises quite different challenges to those relating to high-level skills: they pursue opportunities abroad because of the lack of opportunities in their home countries; they address themselves to labour markets, not to identified employers; the barriers to their entry are higher; and they are more numerous than highly-skilled migrants.

The mechanisms for mid-level skill migration still require much strengthening, particularly in relation to how they respond to actual skills needs; how the recruitment process in the sending country is aligned with the employment process in the receiving country; the upgrading of migrant workers' skills; recognition of migrant workers' skills profiles; and facilitating re-entry into the home country labour market for returning migrant workers.

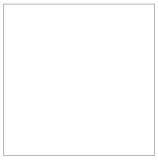
Recent research found that only commercial skill-matching can really be regarded as a model that is intentional, sophisticated and leading best practice in the field (http://www.india-eu-migration.eu/media/CARIM-India-2012-05.pdf). The commercial skill-matching predominately serves, however, the high skilled and professional migrant. Consequently, both semi-skilled and un/low-skilled migrants generally fail to benefit from such mechanisms of leading practices. They therefore rely on skill matching that is indirect or unintentional.



There is a demand particularly for medium skills and governments globally are beginning to recognise the lack of skill-matching services for this category of migrants by taking action through the creation of mechanisms with partners such as the private sector to facilitate intentional skill matching. However, this work is just beginning to take momentum and there is still substantial work to be done.

What is revealing is that while the shortage in high-level skills often gets more attention, it is is in mid-level skills area where the greatest skill shortages are evident. At first glance this does not seem to be very much in line with the ambitions of the European Union. Yet we need to keep in mind that whilst successful economies are shaped by their high-level talent, for every highly qualified job that is created, three or four other jobs elsewhere in the economy are needed. In this light, the output of the knowledge-based jobs may be at the forefront of the future, but it is carpenters, plumbers, drivers, administrative assistants that enable those jobs to be effective.

The dynamics and modalities of high-skilled migration are different to that of low- and mid-skilled workers. They therefore require different policy responses. Neither function in isolation and therefore both are needed. Migration is, however, not the only solution; it must be seen as part of overall labour market policies. Failing to do so increases the risk of a rise in negative attitudes towards migration. People go where jobs are and jobs go where people are. Striking the right policy balance between those two dynamics will be key to future success.



RISING HOSTILITY TO MIGRANTS DESPITE ECONOMIC BENEFITS

NORMA COHEN

DEMOGRAPHY CORRESPONDENT OF THE FINANCIAL TIMES

Three nights of rioting around the suburbs of Stockholm, Sweden, have shocked the conscience of this generally tolerant and generous nation. The rioters in question are almost all immigrant youth, many of whom came not, as most European migrants do - in search of work - but in search of political asylum.

The unrest has provoked intense soul-searching in a country that prides itself for both its generous welfare state and open immigration policy. Sweden accepted 44,000 asylum seekers in 2012, up by nearly a half from a year earlier. Among industrial countries it has the second-largest amount of asylum seekers relative to its population, according to UN figures. Sweden prides itself on treating them well, offering them benefits and housing as well as free Swedish lessons on arrival.

The riots come against a backdrop of rising anti-immigrant furore in Europe, as the continent enters its fifth year of post-crash austerity, with services and benefits for citizens facing cutbacks and unemployment rates of 27 per cent and higher in countries such as Spain.

The irony, economists say, is that immigration can and does deliver a boost to economic development in ways that are not necessarily easy to see, but which deliver benefits for host countries for generations. Academic research suggests that migrants bring new skills to countries that may have a shortage, that they take jobs in sectors that natives do not wish to do and that they are an increasingly significant portion of the working age population in several European states where natives of similar ages are on the decline.

Moreover, there is quiet soul-searching within the European Union about what the apparently inevitable population decline means; not just in terms of economic activity but also for Europe's political influence in world affairs.

To put it in perspective, Philippe Fargues, head of the European University Institute's Migration Policy Centre, pointed out that relative decline in a 2011 paper. In 1900, Europe - excluding Russia - had nearly 20 per cent of the world's population and accounted for about 40 per cent of global GDP. Just one century later, it had less than 9 per cent of global population and produced less than 25 per cent of GDP. By 2050, if current trends continue, its population share will slip to about 6 per cent of the global total and GDP to 10 per cent of global output.

The risk is that in the context of global influence, Europe loses its historic stature.

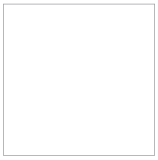
Already, data from Eurostat show, population of several European countries is falling. Germany, Europe's largest economy, has fewer people today than it did in 2001, according to the most recent data, as do Latvia and Lithuania.

Even more to the point, the data show, Europe's workforce is ageing. The median age in the 27 nations that make up the enlarged European Union is now 41.5 years, up from 35.7 years in 1992. In Germany, the median age is now 45, meaning that half its population is above, and half below, that year.

Without continued migration, Fargues' paper shows, only three countries - France, the UK and Ireland - will see population rise. The fall will be particularly stark in Germany and Italy, the two countries with the highest median-aged population.

That is why, despite rising hostility in some quarters, much of Europe is likely to see immigration continue to grow. What is known as the old age dependency ration - the number of workers available to support those too old to work - is falling.

Professor John Salt, head of the Migration Research Unit at University College London, said that age is one of the key differences - and possible sources of friction - between immigrants and native



population. “Migrants tend to be younger and maybe married with young children,” he said. “But native population tend to be older. There is no meeting of the generations.”

Spain, where the foreign born population has roughly trebled over the past decade, is a good case in point. While it had about five workers to support each elderly person in 1992, it now has just under four workers.

And while there are signs that immigration flows have slowed since the onset of recession in 2008, over the decade to 2010, the foreign population of Spain has roughly tripled to just under six million by the end of 2012.

Ed Hugh, a Barcelona-based economist specialising in demography, said that Spain highlights the type of population shift that has made migrants an economic necessity, despite unemployment of over 25 per cent. “People are coming here at the moment - especially women - to look after old people,” Hugh said. Caring for the frail, he said, continues to attract migrants from poorer Latin American nations because although it is hard work and low pay, it is employment that native Spaniards disdain.

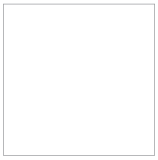
Indeed, in a report soon to be published by the Migration Policy Centre which looks at female migration patterns from Moldova and Ukraine, it is precisely the gaping hole in the social care safety net that is drawing migration into Italy, a country where the latest unemployment rate is 11.5 per cent. It is also the most popular destination for migrants from those countries.

Historically, elder care in countries such as Italy, Spain and Greece has been provided within families, not by the state. With rising numbers of long-lived elderly and fewer children to support them, these countries are increasingly reliant on migrants. According to Italy’s Ministry of Labour, 88.6 per cent of the Italian care and domestic sector is composed of women and 81 per cent is provided by third country nationals.

This highlights the fact that rising immigration is a function not just of ‘push’ factors that are propelling people to seek work abroad, but also ‘pull’ factors in European states that suggest supply and demand for labour are out of line.

Fargues points to the conflicting forces currently driving migration in Europe. “On one side, you have an economic crisis which has fuelled anti-immigrant sentiments everywhere in Europe,” he said. “On the other side, you have a demographic crisis.”

Nor is the trend of female migration unique to Spain or Italy, he said “People are migrating because they know that on the other side of the border, they will have a better life.”



Jean-Christophe Dumont, head of the international immigration division at the Organisation for Economic Cooperation and Development (OECD), said that there is indeed evidence that immigrants are taking jobs that natives do not want. Around a quarter of immigrants are concentrated in jobs that represent declining occupations. "Older people are retiring and young people do not want to take up those jobs because they see no future in them," Dumont said. "As a result, the supply [of labour] is falling faster than demand."

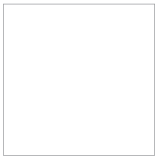
But to understand immigration - and the hostility to it - it is necessary to make distinctions between countries. For one thing, OECD research suggests that anti-immigrant sentiments vary widely across Europe. Scandanavian countries, for example, tend to attract higher percentages of humanitarian migrants. But those countries have relatively restrictive labour markets, making employment more challenging. Indeed, it is the relatively restrictive labour market in Sweden which may be the impediment to integrating its young asylum seekers.

But Britain, with its open and flexible labour market, has attracted economic migrants. And while the UK does not have the EU's highest percentage of migrants - that honour goes to Luxembourg - its non-native population has grown at one of the fastest rates in Europe over the past decade. In fact, the latest census data show, the UK attracted more migrants from Europe in the decade 2001-2011 than in the previous four decades before it.

It is not clear if that trend has exacerbated anti-immigrant views in Britain. Surveys between 2008 and 2010, for example, show anti-immigrant sentiments in the UK among the strongest anywhere, with 23 per cent of those questioned saying it is the "most important issue facing the country". In the Netherlands, only 4 per cent said so.

Moreover, Fargues points out, the issue of how to integrate migrants is not a new challenge. France, which was a favoured destination of migrants in the 19th century, has long found it a challenge. "History shows it takes at least a generation," he said.

According to Salt the single greatest tool for more rapid integration of immigrant communities is taking steps to help them learn the native language, a policy that Sweden has embraced. Indeed, new research from Finnish academics, Matti Sarvimäki and Kari Hämäläinen, details government integration programmes which both offered training and sanctions for not participating. When the programme offered language skills, about 10 to 20 per cent of the population took this up. "The integration plans increased employment and annual earnings threefold and halved social benefits received," the study concluded.

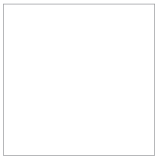


But Dumont said that studies of attitudes towards migrants suggest that these are not necessarily shaped by individuals' own contact with newcomers, nor are hostilities felt by those who feel they have personally lost out to immigrants.

"We have evidence that what shapes people's perceptions of migration is not necessarily the impact it has on themselves," he said. "It is more what they think is the overall impact."

Indeed, even Britain's prime minister, David Cameron, has played into perceptions of immigrants as job-stealers and benefits seekers, declaring that newcomers take employment away from natives and vowing to make it harder for them to claim benefits. Cameron's remarks come despite data showing that migrants are far less likely to claim UK benefits than are native Britons.

That is where governments have a role to play, Dumont said. "It is necessary that information that is available to the public is transparent. That is so the discourse on migration is knowledgable."



MIGRATION AND THE FUTURE OF EUROPE'S DEMOGRAPHY AND ECONOMY

LOUKA KATSELI
PROFESSOR OF ECONOMICS, UNIVERSITY OF ATHENS

The central message of this brief intervention is straightforward: how best to manage and integrate migrants in Europe critically depends on the European model we envision and the strategy and policies that are adopted to secure it. As long as severe austerity policies continue in Europe, xenophobia and euroscepticism will rise and smart policies to successfully manage the emerging European and global mobility system will be extremely hard to implement. Such policies can be pursued only if a sustainable pro-growth European strategy is adopted which is consistent and coherent with enhanced labour market access for European citizens and residents and enabling integration policies for migrants.

Europe: an increasingly segmented and polarised continent

Four years into an unprecedented financial and economic crisis, Europe is at a critical juncture. The severe economic recession in some member countries, most notably in Greece, Portugal, Ireland, Italy and Spain, produced by extreme and myopic austerity policies, has slowed down European-wide growth and has exacerbated unemployment and overall labor market conditions.

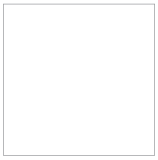
The unemployment rate in 2012 exceeded 25 per cent in Greece and Spain. One out of two young Greeks or Spaniards are unemployed. Middle class families have seen their personal after-tax disposable income or pension reduced by more than 60 per cent, while lower income families have been marginalised. Poverty rates have risen. More than 400,000 families with children in Greece try to make ends meet with no single employed adult in the family. Inequality is on the rise with a small group of people continuing to profit from tax evasion, capital flight in unregulated tax havens, speculation in asset markets, and rushed privatisations of underpriced public assets. Even though data are not available, a growing number of productive-age adults and professionals are seeking employment abroad, most notably in Germany, the UK and other European countries.

In southern Europe confidence in the capacity of national governments, traditional political parties and European institutions to produce credible policies to improve standards of living has been seriously eroded. Political instability and social polarisation have nurtured xenophobia promoted openly by extreme groups, such as the fascist Golden Dawn in Greece, which, according to the most recent poll, is supported by 13 per cent of the national electorate. Euroscepticism is also on the rise as European policies are perceived as unjust, ineffective and determined unilaterally by the national, industrial and financial interests of powerful member-states, most notably Germany. According to the most recent IPSOS/CGI opinion poll, conducted in April-May, three out of four Europeans believe that the economic crisis will worsen in their own country; they view European institutions as incapable of reversing the trend and narrowing the growing divide between north and south.

In northern Europe, Euroscepticism and xenophobia are also on the rise as domestic residents are made to believe that they are paying a high bill to bail-out their profligate European southern co-members, while they themselves have to cope with worsening economic conditions. Europe is thus becoming rapidly segmented and polarised. So is its labor market. It is in this rapidly deteriorating economic, political and social context, that we need to rethink European policies, including migration policies.

Managing migration: need for national policy coherence in the context of globalised markets

Migration policies by themselves cannot provide the answer. Migration movements are extremely sensitive to underlying economic, political and social conditions in both sending and receiving countries. It is no coincidence that in 2010 Germany experienced a fivefold increase of migration inflows relative to the corresponding figure for 2009, while migration inflows to Spain were 40 per cent less than in 2008 (Organisation for Economic Co-operation and Development (OECD), *International Migration Outlook*, 2012 p.232 and p.272). In 2012 alone, 1,081,000 people, i.e. 369,000 more than in 2011, migrated to Germany, the largest inflow since 1995. The rate of increase of outflows from southern Europe, namely Greece, Italy and Spain has exceeded 40 per cent.



It has been shown that perceptions of the migration process and electorate support for immigrants, migration policies and institutions critically depend on the actual and expected labour market conditions and standards of living as perceived by the native population. When economic conditions deteriorate, xenophobia tends to rise and the management of migration flows becomes more difficult. Therefore, the appropriate design, introduction, acceptance and pace of implementation of migration policies are critically dependent on the scope and effectiveness of other economic policies, including fiscal, industrial, employment, education and social policies.

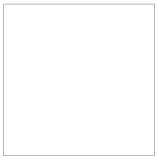
Migration policies need to be the outcome of new migration thinking. As noted in our book, entitled *Gaining from Migration: Towards a New Mobility System* (OECD Development Centre, 2007), migration, whether we like it or not, is an increasingly central dimension of globalisation. European migration policies must be conceptualised as an integral component of an emerging system of international labour mobility, as opposed to national or even European 'immigration systems' that can be managed in isolation. The future of both migration flows and policies in Europe will critically depend both on economic and political conditions in Africa, eastern Europe or Asia as well as on policies that have a bearing on migration in both sending and receiving countries.

Successful management of migration flows: possible only in the context of a European sustainable pro-growth strategy

Integrating migration policies into mainstream national economic and social policies and adopting a global perspective in managing migration flows are indeed huge challenges for European policy makers. They have become even harder to address in view of the present open divergence of opinions about what constitutes an effective European policy agenda for growth, employment and competitiveness.

There are those who espouse a 'national consolidation strategy', believing that if only each member state assumes its national responsibility to promote fiscal consolidation, internal devaluation, enhanced flexibility in labour markets and considerable downsising of its public sector and welfare system, market forces would be unleashed to promote investment and growth.

There are others, including myself, who maintain that this is a recipe for disaster and for the dissolution of Europe. Europe can enhance its weight in world affairs not on the basis of population and demographic factors; it can do so only if it remains a prosperous, dynamic and social Europe. European competitiveness and cohesion can be enhanced only through a 'coordinated, sustainable pro-growth strategy' which requires increases in productivity, the continuous upgrading of skills and the promotion of investment, research and innovation. Only the resumption of sustainable investment and growth which are compatible with expectations of improved livelihoods can enhance saving, secure adequate financing and permit effective and sustainable fiscal consolidation. The pursuit of severe austerity measures that kill



internal demand, plunge Europe into a recession and give rise to unacceptable increases in unemployment, poverty and inequality, exacerbate fiscal imbalances and the debt overhang and erode trust in the functioning of European institutions and in Europe itself.

Adopting a sustainable pro-growth agenda requires the exercise of leadership and political will from European leaders to jointly address systemic macroeconomic imbalances; share equitably the burden of adjustment; coordinate more closely economic, employment and social policies; restructure and mutualise the debt overhang; and secure that a transparent, appropriately regulated and well capitalised European banking system channels needed liquidity in the real economy. Active employment policies, infrastructure and human capital development, tax and regulatory reform and the introduction of a European social protection floor are some of the major policy priorities in the context of this strategy. So is better harmonisation of migration policies across EU member states and greater coherence across migration, trade, security and development agendas.

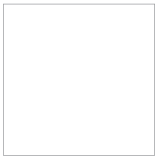
Immigrants will be seen as an additional burden in our societies if we do not adequately address our own workforce needs and allow unemployment among European nationals to rise to unacceptable levels. Ensuring, through appropriate policies and a sustainable pro-growth strategy, that European workers have fair access to fulfilling employment, is a prerequisite for successful acceptance by the public of fair and effective migration systems.

Building a fair and effective European migration management system

For the public to accept that any system is indeed both fair and effective, it needs to be convinced that benefits outweigh costs both in design and in actual implementation. This is especially true in the case of migration management systems, where public policy failures coupled with extreme populism have eroded public confidence that the system is indeed manageable.

For this reason, reducing irregular and illegal migration through an orderly and flexible European mobility and integration management system is critical not only to protect the rights of migrants in precarious circumstances but to reassure constituents that their governments can indeed manage migration flows. The development of an integrated Europe-wide migration monitoring system, the introduction of rules rewarding those that abide by them with renewed and/or extended access to European labor markets, and the introduction of multi-annual or temporary visas to promote circular or repetitive migration as opposed to permanent residence, are constructive suggestions in this direction.

There is no doubt that almost all European countries will experience rapid ageing of their populations and declining workforces in the coming decades. Shortages and mismatches will intensify across the whole skills spectrum. During these decades high population growth rates in Africa are expected to

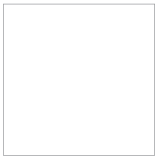


continue far ahead of economic growth, while unemployed and underemployed workers from the less advanced economies east of the European Union and increasingly from Asia will seek employment opportunities in the EU. Expanding the channels and opportunities for legal immigration into Europe and harmonising procedures across member states will enormously facilitate the management of migration flows as well as the integration of European labour markets.

These realities imply that the EU and its member states will need a rational system of orderly, safe and well-regulated labour mobility covering the whole spectrum of skills and human capital. One can start with extending fair and equal access to the labour market and to the educational system to all family members of legal migrants at the earliest possible stage in the immigration experience. This would be a step of critical importance for the effective integration of families in a continent where family migration constitutes more than 45 per cent of permanent migration flows. In addition, we should start thinking of shifting the focus of policies from the often fuzzy distinction between 'high' and 'low' skilled workers - the current standard measures of educational or vocational attainment and the basis of selection policies - to 'critical occupational categories' in EU labour markets. Science and medicine, for example, are rightly recognised as requiring highly-skilled workers. Labour needs, however, in construction, tourism, agriculture or care for the elderly, do not always correspond to traditional definitions of skilled work but they are of value and increasing significance for most EU countries. Whereas low- or mid-skilled immigration cannot stop the outsourcing of labour to low-wage countries in the context of globalisation, it can enhance the flexibility of Europe's labour markets and fill real gaps across the entire skills spectrum.

It is evident from the above that the answers provided to the questions raised for this session critically depend on the view and strategy adopted for promoting European growth and employment. For proponents of the 'national consolidation strategy' who believe that the activation of the domestic labour force is driven and maintained through keeping wages low and labour markets unregulated, immigration should only secure the skilled labour base of the economy in light of the decline in the working-age population and in response to national labour market needs. For proponents of a 'coordinated sustainable European pro-growth strategy' who maintain that, in the face of globalisation, the European competitiveness battle cannot be won or lost on the basis of low wages, but only on the basis of productivity - enhancement, innovation and technological change - immigration across the skill spectrum will be needed. If properly managed, such immigration can assist European economies in filling actual labour market needs in both traded- and non-traded goods sectors and facilitate the ongoing productive restructuring to upgrade the competitive advantages of European member states.

It is critical therefore to embed our discussion on migration and the future of Europe's demography and economy in the wider debate on what kind of Europe we want and how we go about in achieving it.



MID-DAY PARALLEL SESSION D: MIGRATION, IDENTITY AND INTEGRATION

This session addressed the rising intolerance towards cultural diversity in Europe, asking whether this trend is the result of economic anxiety or the number of migrants. The challenge of integration needs to be addressed in order to stop inequality being passed through the generations. The panellists discussed policy to allow for social cohesion, while enabling diverse groups to enjoy their cultural and religious freedoms. The need to accommodate Islam, which was largely absent in the early years of the European integration process, was also debated. Looking ahead, the speakers asked whether integration could come through granting political and other rights to migrants.

Anna Triandafyllidou, director *ad interim* of the Global Governance Programme of the European University Institute, where she also heads the Cultural Diversity Research Strand, chaired this session. Ilze Brands Kehris, director of the office of the OSCE High Commissioner on National Minorities; Ruud Koopmans, director of the Migration, Integration and Transnationalisation Unit, Social Science Research Center Berlin (WZB); Tariq Ramadan, professor of contemporary Islamic studies, Oriental Institute, St Antony's College, University of Oxford; Olivier Roy, joint chair RSCAS, chair in Mediterranean studies, European University Institute and Anna Terrón Cusí, managing partner at InStrategies were on the panel. The media representative was Sylvie Kauffmann, editor at large of *Le Monde*.

MAIN ISSUES IN MIGRATION AND INTEGRATION TODAY

ANNA TRIANDAFYLLIDOU

PROGRAMME DIRECTOR AND COORDINATOR OF THE CULTURAL DIVERSITY RESEARCH STRAND, GLOBAL GOVERNANCE PROGRAMME, EUROPEAN UNIVERSITY INSTITUTE

RUBY GROPAS

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Over the past half a century, Europe has experienced an impressive increase in the religious, ethnic and cultural diversity that characterises its societies. The variety of the continent's native minorities and the increasingly numerous and diverse communities of immigrant origin in the EU's member states have triggered much debate on the richness and the challenges posed by Europe's cultural

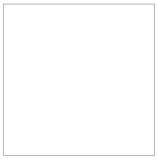
pluralism. Legal and institutional frameworks have thus developed across the European continent, recognising the value of the cultural identities of each country's historical minorities and their salience in practical aspects of political life. At the same time, as immigration came to be acknowledged as a permanent reality and second generations started to grow, the need to pluralise dominant understandings of identity and to pursue integration initiatives aiming at social cohesion and inclusion became more persistent.

As a result, integration policies have been formulated in response to immigrant and minority groups' claims for recognition, participation and representation in the various civic and political domains of public life. Integration initiatives have also focused on addressing different aspects of socio-economic marginalisation, education, naturalisation policies and issues of discrimination in the workplace. These initiatives have essentially reflected the need to adapt and cater to the needs of a more diverse population; and immigration and integration have moved up the policy agenda as these issues have gained salience.

Although it has not always been very clear what exactly is intended by 'integration', it has become evidently clear that the 'integration' that has happened so far has been clearly inadequate for some, disappointing for others, and extremely alienating for others still.

In effect, the pressing need 'for more to be done', or rather 'for more to be done, differently' with regards to integration, migration and the management of diversity has intensified. This need has been expressed by all sides, and through very different discourses and polarising argumentations. On the one hand, demands for the recognition of specific identities and for the protection and enjoyment of collective rights have been articulated by a growing number of groups. On the other, these demands have been confronted with increasingly critical positions on the acceptable limits of diversity for national identity, on the risks for social cohesion or even the sustainability of the welfare system, as well as growing concerns on the tensions these claims pose for liberal commitments to individual rights and liberties.

As economic conditions in the EU have deteriorated over the past decade, anxieties over the accommodation of 'difference', and in particular of religious difference, have intensified even further. Since the outbreak of the economic crisis in 2008, there has been a dramatic rise of xenophobia and racism, along with protectionist and nationalist reactions in all European countries. Politicians have increasingly moved towards an anti-immigration discourse, proclaiming the so-called 'failure of multiculturalism' and apparently overlooking the new, dynamic, creative and also very challenging ways in which pluralism and identities are experienced across Europe today.



Against this background, the session on 'migration, identity and integration' at The State of the Union 2013 explored the following issues:

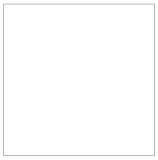
- What are the most important cultural and religious diversity challenges in Europe today?
- Does religious diversity pose a special challenge towards the integration of migrant populations and if so, in what ways?
- What are the special claims raised by European Muslims for the accommodation of their religious traditions and customs?
- How does religious or cultural diversity intertwine with issues of socio-economic inequality, including unemployment, urban ghettoisation and social exclusion?
- What is the role played by actors beyond the national level, notably local actors but also international organisations, in the process of social and cultural integration of migrants in Europe today?

The 'others' within

Across Europe, some groups are particularly stigmatised. There are specific groups or communities that are considered as posing 'special' integration challenges for Europe's liberal and secular, albeit predominantly white and Christian, democracies. These include Europe's Muslim communities, Roma populations and people of sub-Saharan African origin (notably black people).

This paper focuses particularly on the question of Muslims as these have occupied centre-stage in scholarly, policy and political debates in Europe about 'immigrant integration' since the 1990s.

References to the existence of 'parallel societies' and the questioning of whether and to what extent Islam can be compatible with democracy have mushroomed manifold, particularly post-9/11. The London and Madrid bombings, the murder of the Dutch filmmaker Theo van Gogh, the Mohammed cartoon crisis, the repeated riots in Paris' suburbs, and accounts of honour-killings within Belgium's, Germany's or Italy's Muslim migrant populations made these concerns more present in the European public sphere, bringing to the fore anxieties about the consequences of increasingly disenfranchised and alienated Muslim populations inside Europe. The debate thus shifted to whether Islam is compatible with 'European values' and whether, or to what extent, Muslim religious claims challenge core liberal commitments to individual rights and freedoms that have come to be perceived as commonly accepted standards in the EU.



The issue of 'parallel societies' and 'social segregation' has been emphasised by research mainly on second generation Muslims, showing grim trends towards exclusion and segregation. The core concerns involve young Muslim students under-performing in school, higher unemployment rates and an increasingly intense turn to religiosity. This turn to religion is expressed through dress, the extremely low percentage of marriages with people from other faiths and a strong demand for a greater presence of Islam in the public space (i.e. through the construction of mosques, the accommodation of Muslim practices regarding food and prayer in schools, and so on).

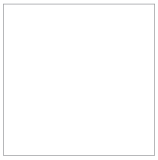
Thus, Muslims in Europe are commonly represented as a group which is unable or unwilling to integrate and which oppresses women. The issue of women's rights and freedoms and the extent to which these are constrained or out-rightly oppressed by Islam is of particular concern. Similarly, the fact that there are few marriages with partners who are not Muslim is also pointed out as indications of non-integration and self-exclusion. Research indicates that second generation Muslims overwhelmingly prefer to marry someone from their same ethnic origin and religious background. This point is often highlighted as a clear indication of lack of integration as ethnic and religious endogamy is generally viewed as problematic, while mixed marriages are perceived to be indications of integration and even better of assimilation. Finally; claims in favour of applying Sharia provoke deep concern if not fear, thereby leading to questioning by many as to whether or to what extent expressions of the Islamic religion should be supported or even tolerated in Europe.

This questioning however neglects a number of core realities.

For one, Islam is not a foreign religion - it is a European religion. It is the religion of millions of EU citizens. Across Europe, Islam continues to be approached as a migration issue, and therefore as a challenge of integration, whereas it is the religion of many EU citizens. This needs to be recognised so that the substance of the debate can move towards managing concrete tensions and finding workable solutions in everyday school life, in the workplace, in the political realm and in the public sphere.

Furthermore, the tendency to stereotypise and over-generalise about 'Islam', risks overlooking a number of facts that make Europe's plural societies much more dynamic and inclusive than they may appear. Second generation Muslims may be marrying within their religion, but they are also marrying across cultures. Furthermore, second generation Muslims in both Europe and North America are reinterpreting the way in which they live and practice their faith, blending them with the norms and the values of their local realities and societies and making them relevant to their Muslim reality in Europe and America respectively.

Finally, ethnic minorities and immigrant communities - both long settled and newer groups – are persistently overrepresented among disadvantaged groups. All markers of socio-economic mar-



ginalisation point in the same direction meaning that inequality is entrenched. Efforts directed at a more pragmatic discussion on issues of participation, equality of access, and non-discrimination are thus strongly needed.

Moving forward

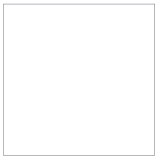
In today's world, multiple identities are a reality. They may be cross-cutting, transnational, transcultural, very local and at the same time very globalised. They may be very personal and context-based, meaning that at specific times some aspects of a person's identity may be more pertinent than others. In this current reality, the recognition of multiple identities is the normal state of affairs in Europe and increasingly so globally.

It is therefore necessary to move away from a discourse that categorises one identity as potentially threatening to another, and fight against an exclusionist narrative that is spreading across Europe. Being Muslim or Roma is and can be just as European an identity as any other religion or ethnic background. 'Islamising' Europe's economic problems may serve as an easy scapegoat, but this does not solve the real socio-economic problems the EU is facing.

A lot of work needs to be done by all sides.

On the part of the majorities, the following core issues need to be addressed. Firstly, a critical reflection on what European values actually consist of is valuable. This involves reconsidering which values of Europe's religious, cultural and political heritage are most relevant and valued in today's context. In other words, which dimensions are most conducive to an inclusive identity and meaningful for the integration of the continent's native and migrant minority communities and its majorities. Europe's heritage is rich with opposing principles and conflicting norms: its Christian and secular traditions, the imprint of the Enlightenment and the Reformation, political liberalism, social justice and equality are some of the most dominant ones. The challenge consists of highlighting the values in this heritage that will permit a more open rather than an introvert understanding of European identity; that will enable both the minorities and the majorities to relate to these core principles and assume them as their own.

Secondly, it is necessary to move beyond the discourse of integration and raise intercultural awareness among the population as a whole. Integration policies tend to focus on the minorities, ignoring the adjustments that need to be made by the majorities too. This in part also involves recognising the diversity that exists within contemporary plural societies. It involves recognising that second generation European Muslims have been reinventing traditional religious symbols and practices, and have adapted them to their everyday way of life and work. The version of Islam



they are practicing in their everyday lives is rooted in the European context they have been born in and have grown up in. It is far removed from ways in which Islam is lived and practiced in parts of Southeast Asia, the Middle East or Africa that their parents and grandparents may have come from. It is imprinted in a context that is based on gender equality, civic participation, and freedom of expression inter alia. Recognising this will facilitate recognising Islam as a European religion, and not an 'imported' one.

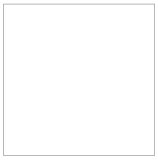
As such, it is important to move beyond the form and essentially consider the core of the issues at stake. Empowerment comes through access to education and access to the labour market. This is especially the case for women. The educational advancement of second and third generation Muslim women has been noteworthy. However, there is a significant gap in terms of their insertion in the labour market and their upward socio-economic and professional mobility. The core challenge for the successful integration of Europe's Muslim women is less about whether they choose to wear the headscarf or not. It is much more about whether they will be able to gain access to employment and pursue their professional ambitions without being hindered by formal or informal discriminatory, oppressive practices and exclusionist opportunity structures.

Finally, it is necessary to recognise that there is no one size fits all.

Historic traditions of different European countries mean that claims of new religious minorities may be handled differently. The extent to which minority groups and communities are involved in local councils, in institutions in the education sector, or the extent of their inclusion in political structures varies widely between European countries. Issues of national or regional identity and belonging are closely interlinked with the ways in which migration and minority rights are approached. So the ways in which arrangements and adjustments are made in order to 'make room' in the public space for newer identities to be accommodated are unavoidably national or even regional in character. This is necessary in order for these accommodations to be rooted in the socio-cultural and religious realities of each situation.

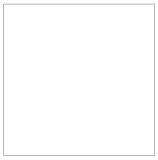
Integration policies cannot be 'imported' from the outside as they may provoke a backlash given the often sensitive nature of identity and religious issues. However, regional and supra-national institutions can play a fundamental role in setting the conditions and wider framework within which national and regional integration strategies may subsequently be framed and pursued.

The EU, the Organization for Security and Co-operation in Europe (OSCE) and the Council of Europe for instance can offer very different lenses and experiences to human rights and integration in Europe; and these can work in complementary ways.



The EU for instance has succeeded in achieving a rather high degree of convergence among its member states on setting up an anti-discrimination legal and institutional framework. This standard setting and common set of legal tools is essential in consolidating fundamental rights and norms and in framing the context within which national and regional integration policies can be formulated. The OSCE on its side offers a justice-based approach to integration, rather distinct from the security-driven approach that has dominated migration in the EU. Together with wider initiatives also promoted by the Council of Europe, these organisations have been important in consensus-building and in pushing for the mainstreaming of integration policies.

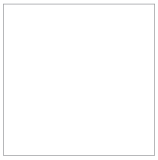
Across Europe, politicians, policy makers, civil society activists, academics, representatives of migrant or Roma associations are underlining the indispensable need for 'more' or 'better' integration. Without a doubt, integration is about bridging differences. There is a fine line however that needs to be carefully considered between recognising differences and entrenching these differences in ways that essentially entrench existing inequalities and forms of discrimination. There is a need for well thought out policies that value cultural and religious pluralism, and that accord respect and recognition to culturally diverse groups. This involves providing room and means for different groups to negotiate their differences in ways that allow for genuine equality, i.e. equality between genders, between religions, and between different ways of life.



MID-DAY PARALLEL SESSION E: THE FUTURE OF EU CITIZENSHIP AND FREE MOVEMENT

This session addressed the topic of EU citizenship, with a particular focus on Europeans who take advantage of free movement. Free movement is undoubtedly a benefit of EU citizenship, although those who do not cross national borders for work or study may see little benefit in their European citizenship. The speakers discussed whether there is a growing gap between these two groups, both in terms of political attitudes and rights, and whether the enhanced mobility opportunities and rights of EU citizenship have failed to increase support for European integration. Furthermore, the panellists asked whether the financial crisis was deepening resistance to freedom of movement and whether this could result in the closure of borders.

This session was chaired by Rainer Bauböck, professor of political and social theory, dean of graduate studies, European University Institute. The panel was made up of Franco Frattini, former European commissioner for justice, freedom and security; Artur Novak-Far, Polish undersecretary of state for legal and treaty issues, ministry of foreign affairs; Hannes Swoboda, chair of the Group of the Progressive Alliance of Socialists and Democrats, European Parliament; Joseph H. H. Weiler, president elect of the European University Institute and Nikolas Busse, Brussels correspondent of *Frankfurter Allgemeine Zeitung*, as media representative.



FREE MOVEMENT - FROM MOTOR OF INTEGRATION TO SOURCE OF CONFLICT?

RAINER BAUBÖCK

PROFESSOR OF POLITICAL AND SOCIAL THEORY,
DEAN OF GRADUATE STUDIES, EUROPEAN UNIVERSITY INSTITUTE

2013 is the year of the European citizen. You can be forgiven if you haven't noticed. Most European citizens haven't either. The very fact that the EU declares such a year indicates a problem. One can hardly imagine the Italian, German or Polish government proclaiming a year of the Italian, German or Polish citizen. In democratic states, citizenship is in many ways taken for granted as a self-evident fact. In the European Union it is not.

2013 was chosen as the year of the citizen because it is now 20 years since the Maastricht Treaty formally introduced the citizenship of the Union in the EU Treaty. The core element of EU citizenship was already there long before the concept was invented: freedom of movement as one of the four fundamental freedoms established by the Treaty of Rome in 1957. Maastricht added to this a few political rights that the Lisbon Treaty has most recently spiced up with a small dose of direct democracy - the European Citizens' Initiative.

The point of the exercise was partly directed to the member states: requiring them to treat the citizens of other member states in most respects like their own should in theory lead to a harmonisation of labour market regulations, welfare systems and many other national policies and laws. The

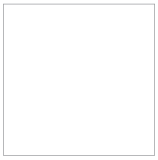
use of the language of 'citizenship' also signalled, however, another ambition: to build a shared European identity, or rather, to put it more cautiously, a European consciousness and to democratise the Union through making its institutions directly accountable to citizens. This panel will discuss whether these expectations have been met.

Eurobarometer surveys show that free movement and open borders are often seen as a major achievement of the Union, ahead of the euro. But relatively few make use of this freedom. In 2011 only 2.5 per cent of the EU population were citizens living in another member state, compared to 4.1 per cent of non-EU migrants. And turnout in European Parliament elections has fallen steadily from 62 per cent in 1979 to 43 per cent in 2009. With such low rates of mobility and political participation at the EU level, how can one expect EU citizenship to be a source of shared identity and political legitimacy?

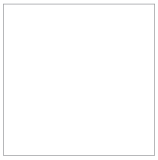
The response of EU institutions, especially of the European Commission and the European Court of Justice, has been to expand the material and personal scope of free movement rights and to promote mobility through programs such as Erasmus. But this may have the perverse effect of deepening a new gap between mobile Europeans and sedentary nationals who see their labour markets, their welfare benefits and their ways of life under siege. The question is then how EU citizenship can be made more attractive and relevant for those who are not involved in 'cross-border situations' and who either turn their back on Europe or vote against it through anti-European parties. What are the benefits of European citizenship for those who do not move? Is there any way of bridging this gap through a European citizenship that can actually be shared by all nationals of the member states?

Free movement for European citizens itself is no longer uncontested either. When Austria and Germany refused to lift the transitory restrictions on access to their labour markets for the citizens of the 2004 access states before 2011, this was widely criticised as contrary to the European spirit and also damaging for their own economic self-interest. Today, the government of Britain, which kept its labour market open in 2004, is talking about suspending free movement rights for Greeks. In Germany there is a debate about how to stop 'poverty migrants' within the EU, while the French government continues with deportation programs for Roma just a decade after the EU had made non-discrimination of this largest European ethnic minority a condition for accession. The current financial and economic crisis is likely to increase migration driven by push more than by pull factors. Will it lead to a closing of European borders and minds? Will the distinction between free moving EU citizens and third country nationals be superseded by one between wanted and unwanted migrants?

Finally, there is something curious about giving EU citizens access to the territory and public services of other member states but leaving these states fully in charge of determining who the citizens



of the EU are. Access to the benefits of EU citizenship depends on the 27 nationality laws of the member states. The new Italian minister for integration, Cecile Kyenge, has started a debate on whether the children of immigrants born in Italy should be Italian and therefore also European citizens. This would mean a shift from growing up as third country nationals without secure residence rights and without the legal status that signals that they belong. On the other hand, as pointed out by Guido Tintori, between 1998 and 2010 Italy handed out EU passports at Italian consulates to more than 1 million people of Italian ancestry. About three quarters of these were for Latin Americans, who used them mostly for moving to Spain or for visa-free admission to the US. The value of EU citizenship for populations outside its borders is already very high and will increase further with rising mass unemployment in and around the continent. There is thus a paradox at the heart of EU citizenship: member states' insistence on full control over their own citizenship policies implies a further loss of their control over territorial admissions. Will this paradox have to be resolved by introducing common standards for access to national and EU citizenship?



EU IDENTITY AND CITIZENSHIP

FRANCO FRATTINI

FORMER EUROPEAN COMMISSIONER FOR JUSTICE, FREEDOM AND SECURITY

At a time of great uncertainty, tight credit conditions for a large number of EU companies and an ailing standard of living for a growing segment of the EU population, it is hard to discuss the future of EU citizenship without due attention to how citizens, and particularly those at risk of poverty and social exclusion, see the EU as a whole.

The latest Eurobarometer data show that perception of the EU has worsened over the last 15 months; however, citizens continue to believe in the EU when it comes to addressing the most pressing economic and social issues.

Furthermore, citizens consider the EU as moving slowly and only partly addressing real emergencies.

In my opinion, in order to prevent populism and euro-scepticism from developing further, we need political leadership capable of working towards more EU integration and explaining to citizens why, for example, we should not stop nor slow the path to achieve full freedom of movement.

As former vice president of European Commission, in charge of coordinating the enlargement of Schengen free movement area in 2007, I am convinced that when we opened border crossing points between countries that had been divided by conflicts and the Iron Curtain, in that very moment reunification of our continent was achieved.

And from that moment it became (and it is even more now) wrong to talk about 'new' and 'old' member states of the EU. We run the risk of taking freedom of movement and the right to reside in work in all of the EU territory for granted.

This is probably the most visible and tangible message of an open path towards EU 'nationhood' for EU citizens. It is also the most powerful and attractive instrument that led so many countries in the West Balkans to undertake reforms and to modernise their institutions in order to get, on their way towards the EU membership, a full visa-free regime.

The negative mood of today, on further enlargement, on opening the door further to the labour market and free movement from all citizens of EU – for example of the unfair restrictions still concerning Romania and Bulgaria – is a consequence of the crisis that did not find a political leadership capable of reacting strongly enough not only in the field of economics.

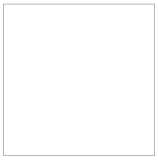
During the next few months, while continuing to work hard to overcome the crisis, political leadership in member states and EU institutions will have to try to achieve what in Maastricht has been left unaccomplished.

After a market, a currency and a common EU bank, we badly need a political guidance, focusing on rights and duties that are the core of the EU citizenship. The first goal should be residence, living and working freedom as well as education and research. Opening borders means opening minds and hearts.

Security of citizens is not better protected if we build a European fortress. Daily integration on a common basis of duties and rights is much better than segregation, because integrating means building hopes, investing in the younger generations, looking towards a better future.

EU citizenship and a comprehensive EU identity are the best expression of common values, including, for me, the Christian roots that have contributed to making our continent a great promoter and defender of the absolute value of the human being, to create peace and stability. And the Nobel Prize given to EU last year was the best recognition of this crucial role.

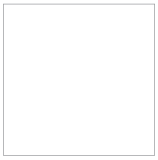
Nothing can be built unless a new humanism becomes the core of the EU common citizenship. Jean Monnet said in 1952, "We don't make a coalition of states. We want to unite people".



EU identity and citizenship will be fully compatible with national, regional or local traditions, as for example we Italians will forever keep alive centuries of history, culture and tradition, coming from Florence or from thousands of well rooted municipalities.

Let's try to react to national tendencies to regulate with national laws, often with different criteria from state to state, with the standards of access to EU citizenship that entitles people to freely move, live and work throughout the EU territory.

But let's keep alive – for the future - the political dream not only of the EU founding fathers, but also, I think, of many citizens of today. A dream that a strong political will could translate into actions and reality, with the direct elections of the EU institutions' responsibles, and with the political decision to one day have the United States of Europe, the best way to be a global player but also to protect EU citizens from the risks and uncertainties of unregulated globalisation.



CITIZENSHIP AND THE CRISIS IN THE INTEGRATION PROCESS

HANNES SWOBODA

CHAIR OF THE GROUP OF THE PROGRESSIVE ALLIANCE OF SOCIALISTS AND DEMOCRATS, EUROPEAN PARLIAMENT

The European Union - and not just the eurozone - is in a deep crisis. This is not only an economic, social and political crisis. It is the whole of the integration process that - after many years of successful progress - now risks coming to a dead end. And it is not by chance that EU citizenship now stands at the crossroads of this multilayered crisis.

We have witnessed the acceleration of a process where EU citizens increasingly perceive themselves as not being full citizens in real terms, i.e. individuals belonging to a polis, participating in the social, economic and political life, feeling that they can have a say, can be heard and make change happen.

What we see today, both in many member states and most interestingly now at EU level, is the dramatic erosion of citizens' trust in politics, in the institutions as forums and in political parties as actors that can positively change their way of life for the better.

The EU is more and more perceived as an indistinct actor, where decisions which have a huge impact on citizens' lives and welfare are made very far away from citizens' control and without citizens' intervention.

Do not get me wrong - EU citizenship as it stands has been an extraordinary achievement. The formal introduction of a set of special rights connected to being a citizen of the European Union is the foundation of the European project as we conceive it. It was a major achievement for all those, like us, who believed that the core of the European project was much more that the construction of a single European market - important though it may be.

But the perception that we have now, in the middle of the worst crisis ever for the EU, is that there is a social dimension to EU citizenship that has long been neglected. We must address this if we want citizens to perceive themselves as EU citizens and to perceive the EU as the solution, not the problem, to the challenges of their everyday lives.

In this respect social borders in Europe should disappear more and more as dividing lines between citizens are removed.

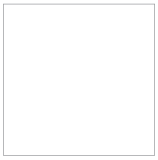
The persistence of these social borders explains why the right to free movement has been the object of so many political tensions in the last few years. Look at the delay the European Council is taking in integrating Romania and Bulgaria in the Schengen area. Or at the campaign enacted by some northern and central European governments to reintroduce barriers against what they call 'poverty migration' from poorer EU countries.

The integration process as such, especially the integration of labour markets, has been done smoothly over several years. Now we need a leap forward on uniform labour rights and social rights if we do not want to re-nationalise the process and backtrack.

This also means enhancing common efforts to fight poverty and economically 'forced' migration. It means reverting to solidarity and cohesion, away from dangerous north-south divide that we now see re-emerging.

If we seriously want to dress up the state of play of EU citizenship, we have to start with ways to fill this gap, to address measures defining a social pillar of EU citizenship, particularly focusing on a social pillar for the single market construction and for Economic and Monetary Union, two dimensions that stand at the heart the current debate on the future of the EU.

Being a European citizen is not just about enjoying a set of special additional rights, as important as they may be and are, in particular freedom of movement. It is also about being able to travel across borders bringing with you all of your rights, without losing some of them. This is not yet the case for many EU citizens concerning labour rights, social rights, civil rights, pension schemes, family law, judicial decisions on the custody of a child, on marriage and divorce, on the end of life.



And it also means that, even if you do not move across borders, the EU should ensure EU citizens can enjoy a uniform high level playing field, on an equal footing, in terms of a decent standard of living, a decent job, a decent education, dignity and fundamental rights. This means that solidarity and social cohesion, i.e. two basic pillars of the EU, are also essential parts of EU citizenship as we see it and they must be relaunched and revived as a part of a strategy out of this crisis.

This is a critical challenge that we have to face, because ahead of 2014 we are now possibly facing a paradox: after many years of apathy, where participation in European elections has been systematically declining, we may now witness a situation in which citizens' mobilisation gets slightly higher ahead of 2014, but not at all around a pro-European progressive programme.

For the first time since the birth of the European Commission and the EU, citizens can now fully realise that a decision made in Greece or Italy or Germany has consequences affecting everyone. That the results of an election in a member state - let's take Italy, or Germany as examples - has an impact on the material lives of us all. However, Europe risks being seen as part of the problem and not as a solution to material problems affecting everyday life.

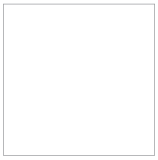
This is the challenge we, as pro-European politicians and policymakers, have to face immediately and I feel these months can be very critical.

If we don't want to leave a golden opportunity to eurosceptics, nationalists and populists, we must seize the opportunity for a leap forward in the European process involving a much wider concept of citizenship than that defined in the letter of EU treaties. In this respect, the fight for a different EU approach against the crisis, away from extreme austerity policies and away from the destruction of the welfare state is not just an economic fight.

An alternative way to budget consolidation in combination with investments, employment policies and structural reforms are a necessity if we do not want to endanger the future of Europe and of the integration process. If we continue to create economic, social and political depression, what we will get is defeatism, nationalism and xenophobia. Then new divisions will appear, borders will become again hot political issues and citizenship will again be seen and used dangerously from a national perspective.

What we also lack is a wider reflection on what is today a European identity and the identity of Europe.

It is difficult to build an identity for such a diverse and multicultural continent with its antagonistic history. In addition, recent years have shown more divisions inside Europe than before. After the



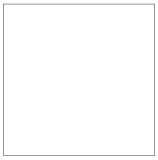
division between east and west came the division between north and eouth and between eurozone and non-eurozone countries.

And it is difficult to integrate people coming from different cultural backgrounds into our original mixture of cultures. And into societies where the younger generation is not fully aware of the history of the last century and of the causes that led to wars and conflicts.

But I do not see any alternative to the stony way of discussing and continuously redefining our European identity, which is always a multilayer identity made up of several dimensions deriving from our national and regional background, our different communities, our personal life experiences, our convictions and our beliefs. And this constant redefinition of European identity must acknowledge European roots but look into the future of a globalised world. This means that European citizenship should also be expanded in this perspective.

In the last two decades the European Union has seen at least three generations of third-country nationals coming to work, study or having been born, raised in Europe. These new Europeans are still in many ways barred from being fully European citizens.

We need to reflect on how we can gradually extend the rights related to EU citizenship to third country nationals who are long-term residents. On how to support, at the European level, national processes allowing all children born on European soil to have access to citizenship of the country they are born into, in respect of national constitutional traditions but trying to look forward to the cultural and demographic challenges ahead for Europe.



Session on Migration and the future of Europe's demography and economy

PART III:
COMMENTARY

THE STATE OF THE UNION

2013

«DÉCENNIE PERDUE» OU VEILLE DU SURSAUT?

ALAIN FRACHON
EDITOR IN CHIEF, *LE MONDE*

« Peut-on sauver l'Europe ? » A peu de choses près, ce titre-là a figuré en « une » de nombre de magazines depuis 2008. Plus exactement, la vulgate médiatique a commencé à véhiculer quelques doutes sur l'avenir de l'Union européenne (UE) quand la crise partie de Wall Street a gagné le Vieux Continent. L'Europe sort amoindrie de ces années de tourmente économique et financière ; le « reste » du monde regarde les Européens avec un peu de condescendance.

Il n'est pas sûr que la zone euro reste telle qu'elle est aujourd'hui. Il n'est pas sûr que l'ensemble de l'Union européenne ne soit pas au milieu d'une « décennie perdue » – dix ans de marasme comme le Japon vient de connaître –, et tente aujourd'hui de sortir en stimulant l'inflation. On peut tout de même être optimiste. Après tout, l'UE a fait preuve de plus de résilience que beaucoup ne l'imaginaient, notamment aux Etats-Unis et en Asie. Elle est toujours là. Elle a des atouts que la crise n'a pas érodés, elle a des faiblesses qui risquent de perdurer.

Premier constat : la crise a porté un coup au statut de l'UE. La zone euro porte la responsabilité principale pour cette image écornée, diminuée, de l'ensemble de l'Europe. L'Asie, l'Amérique latine

et l'Amérique du Nord, sans parler de l'Afrique, ont regardé, sidérées, le pathétique spectacle donné par les dix-sept membres de l'union monétaire européenne.

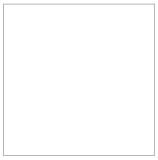
Que certains des pays les plus riches de la planète n'aient pas été capables de gérer une crise des paiements dans des économies relativement marginales – celles de la Grèce, de l'Irlande ou du Portugal – a étonné. Chacun s'attendait à ce que les risques systémiques, vite identifiés, soient pris en compte, de façon à épargner l'ensemble de l'eurozone. Il n'en a rien été. Mais que l'entité qui se targue d'être l'un des tout premiers espaces de prospérité de la planète fasse appel au Fonds monétaire international (FMI) pour se sortir d'affaire, voilà ce que le Sud n'est pas près d'oublier, et qui a sans doute contribué à la dégradation de l'image de l'Europe.

Nombre de pays d'Afrique, d'Asie et d'Amérique latine considèrent que l'Europe aurait dû faire seule les sacrifices nécessaires à sa sauvegarde sans solliciter le FMI – lequel a fourni un peu moins du tiers des sommes mobilisées pour sauver l'euro. Ils y voient un détournement de ressources injustifié. Certains vont plus loin, incriminent la tradition qui veut que le patron du FMI soit un Européen, et se jurent d'y mettre fin à la prochaine succession à la tête de l'organisation.

Il reste que l'euro a survécu. La monnaie unique européenne est toujours une des deux ou trois monnaies de réserve les plus prisées par les banques centrales du monde entier. Après le dollar, bien sûr. L'euro est une devise forte – trop, sans doute, pénalisant les exportateurs européens. Passé le moment de doute le plus intense sur l'avenir de la monnaie européenne – 2010 et 2011 –, les emprunts d'Etat libellés en euros ont retrouvé la faveur des marchés : la « dette » européenne se vend facilement. Les esprits chagrins, mais réalistes, mettent cependant en avant la différence des taux pratiqués d'un pays à l'autre : elle contredit la notion même de zone monétaire unifiée.

L'autre élément de l'Europe en tant qu'espace singulier sur la scène internationale est le marché unique. Son plus grand succès : 500 millions de consommateurs convoités par le « reste » du monde, un espace de normes commerciales, juridiques et environnementales unique. Même si le poids démographique de l'Europe ne cesse de diminuer – moins de 7% de la population mondiale en 2020 –, son attraction économique demeure.

Mais ces deux éléments, les seuls qui identifient vraiment l'Europe, sont menacés. Si l'Union ne sort pas de la récession et du chômage de masse, elle s'affaiblira encore de l'intérieur. L'euroscepticisme progressera au cœur même de l'Europe, dans les pays fondateurs du projet européen. Des forces de désintégration sont à l'œuvre dont le succès ou l'échec dépendra de l'évolution de deux courbes : celle de l'emploi et celle de la croissance.



A tort ou à raison, plus vraisemblablement à tort, l'Europe porte, dans une partie de l'opinion, la responsabilité des drames économiques et sociaux de l'heure. Pour nombre de démagogues, c'est une façon de faire fi des failles structurelles qui affaiblissent la compétitivité des pays européens.

Les chances d'un « sursaut européen » dépendent d'abord de l'Europe elle-même, plus que de l'évolution des autres blocs de puissance économique de ce début de siècle. Sauf à redevenir une zone de croissance, l'UE aura du mal à défendre ses intérêts dans le monde et à y imposer un peu de ses normes – ce qui est son unique, et plus noble, façon de projeter sa puissance.

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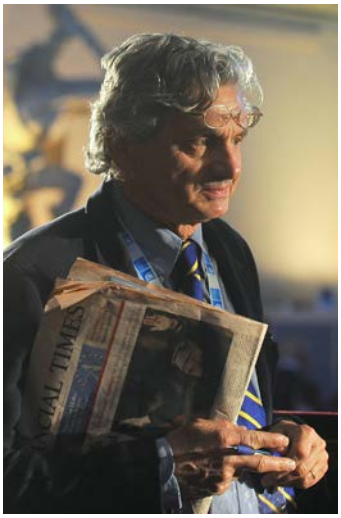
L'EUROPE N'Y EST POUR RIEN



ALAIN FRACHON
EDITOR IN CHIEF, *LE MONDE*

L'Europe n'est pas à la fête. Les Européens ne l'aiment plus, ou beaucoup moins. Le projet d'unification, qui a accompagné la renaissance du Vieux Continent après la seconde guerre mondiale, est en procès. Il est jugé coupable, responsable de la crise. Il ne porte plus l'espoir, mais le désespoir. Verdict injuste ? Coup de déprime conjoncturel ou mal plus profond ?

On n' accusera pas les plus fervents des fidèles de se voiler la face. Ce constat de désamour, ils l'ont dressé, jeudi 9 mai, Journée de l'Europe, à Florence. L'Institut universitaire européen réunissait sa traditionnelle conférence sur « l'état de l'Union ». Les Italiens, les plus européens des Européens, ont sonné l'alarme.

Dans les splendeurs du Palazzo Vecchio, qui abrite la mairie, le premier édile de la ville, le centriste Matteo Renzi, quadragénaire un moment pressenti pour diriger le gouvernement, a donné le ton. « Pour mon grand-père, pour mon père et pour moi, l'Europe était un rêve. Pour la génération de jeunes Italiens d'aujourd'hui, c'est un cauchemar », a-t-il dit. Ministre des affaires étrangères, Emma Bonino emploie les mêmes mots : « Chaque jour qui passe, le rêve des pères fondateurs de l'Europe,

celui de la paix et de la liberté, ce rêve, devenu une réalité pour ma génération, semble se transformer en cauchemar pour beaucoup. »

C'était à l'ouverture de la manifestation, pour se donner le moral. Au dîner de clôture, l'Allemand Martin Schulz a tiré le coup de grâce. « L'Union européenne est menacée », a tonné le président du Parlement européen. « Non, l'Europe n'est pas irréversible (...), oui, le nombre de ceux qui doutent de l'Europe est sans cesse croissant (...) et, oui, a poursuivi le social-démocrate Schulz, il y a une alternative au projet européen, c'est le repli national, préconisé à droite de la droite et à gauche de la gauche par tous ceux qui vantent le mot d'ordre : "Seuls, nous serons plus forts". »

L'UE compte 28,5 millions de chômeurs ; 19,2 millions pour la seule zone euro. Elle s'installe dans la récession : en 2013, son produit intérieur brut va baisser de 0,1 % ; pour les Dix-Sept de l'euro, ce sera – 0,4. Elle est le seul grand pôle économique mondial à connaître pareille stagnation.

Ces chiffres nourrissent le désenchantement. Ils enterrent le rêve, au moins partiellement. En 2013, seuls 45 % des 7 600 ressortissants européens interrogés tous les ans par le *Pew Research Center*, dans huit pays de l'UE, se disent favorables à l'Europe – les Français figurant parmi les moins europhiles. Les formations politiques eurosceptiques, voire europhobes, sont passées par là. Dans toute l'Europe, elles font des scores sans précédent. Elles menacent de dominer le prochain Parlement européen. Elles diffusent un message simpliste qui convainc bien au-delà de leurs seuls électeurs : la crise, « c'est la faute à l'Europe », ou à l'immigration, quand les deux boucs émissaires ne sont pas pointés d'un même souffle.

Chômage de masse, corruption...

L'Europe est-elle responsable ? La question sous-tendait le long lamento entendu le 9 mai sous les dorures des palais florentins. La réponse est non, très largement. L'UE, la forme prise aujourd'hui par le projet européen, n'est pour rien dans les faiblesses, relatives, de la plupart des économies du continent. Impossible d'imputer à l'Union la tolérance de la France pour le chômage de masse depuis plus d'une génération ; la corruption d'une partie du système politique italien ; la spéculation immobilière à l'espagnole ou la folie du crédit bancaire à l'irlandaise. Hélas !, il n'y a pas eu d'ordonnance européenne obligatoire pour enrayer le développement de ces pathologies nationales. A l'heure de la crise de 2008, la plupart des membres de l'UE se sont retrouvés avec des défenses immunitaires affaiblies. Ils le payent aujourd'hui.

L'euro pourrait être incriminé. Imposée par l'Allemagne, en contrepartie de sa participation au sauvetage de la devise européenne, la cure d'austérité universelle infligée à l'ensemble de la zone a montré ses limites. Mais faut-il accuser "l'Europe" si la zone euro a été bâtie n'importe comment,

intégrant des pays qui n'auraient jamais dû y figurer, et gérée en dépit de ses propres règles et du bon sens monétaire ? Hélas !, là encore, il n'y a pas eu d'autorité "européenne" pour forcer les membres de la zone à se comporter de manière responsable.

La dénonciation incantatoire du "populisme" ne sert à rien. Elle fleure bon une insupportable indifférence bobo aux malheurs des plus désemparés des Européens. Quand, devant le chômage, le tassement continu du pouvoir d'achat et le blocage de l'ascenseur social, les partis protestataires stigmatisent l'Europe ou l'immigration, ils se trompent. Et de cible et de politique.

C'est la mondialisation des échanges qui rend la nation inopérante comme espace de protection – pas l'Europe. Le repli nationaliste est moins que jamais pertinent dans un monde globalisé qui rogne les pouvoirs de la nation ou de l'Etat – pareil repli ne serait pas synonyme de souveraineté reconquise. Ce que révèle la protestation antieuropéenne, c'est la peur du monde extérieur. L'Europe n'est pas le problème. Elle peut être la solution, à une condition : que ses membres se décident enfin à en faire une force singulière usant de sa puissance pour civiliser, un peu, la mondialisation. On n'y est pas, loin s'en faut. Mais, un soir de mai, on s'est pris à rêver en dégustant du Chianti au pied des collines de Toscane – quoi de plus civilisé !

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A LA RECHERCHE DE L'« HOMO EUROPEUS », CET INCONNU

SYLVIE KAUFFMANN
EDITORIAL DIRECTOR, *LE MONDE*

Beaucoup d'entre eux ne s'en sont pas aperçus, car elle est écrite le plus petit possible, mais la mention « European Union » figure bien sur les passeports des sujets britanniques. Le choix subliminal d'une taille de caractère inférieure, par exemple, à celle des passeports français, où la mention « Union européenne » (UE) est de la même taille que l'inscription « République française », n'est pas anodin. Les ressortissants des derniers pays à avoir rejoint l'UE arborent, eux, fièrement leur passeport européen lorsqu'ils voyagent. Pour un Letton ou un Slovaque, ce n'est pas seulement la fin du cauchemar des demandes de visas pour traverser la moindre frontière, c'est aussi un symbole, celui d'appartenir à une communauté transnationale que l'Histoire leur a longtemps interdite.

Pour autant, leur cher passeport de l'UE fait-il d'eux des citoyens européens ? Non, bien sûr. Il faut plus qu'une inscription, grande ou petite, sur un morceau de carton pour faire un citoyen. L'Europe unie est née comme une entité économique, une construction dans laquelle le citoyen était accessoire. C'est l'agent productif qui, lui, était central.

La crise économique qui ravage la zone euro, d'une certaine manière, change la donne. Si l'Europe n'est bâtie que sur l'économie, alors, le roi est nu. Plus que jamais depuis l'apparition de la crise, l'ur-

gence d'une nouvelle idée européenne, d'une idée civique et politique, d'une nouvelle formulation de ce qui fonde l'identité européenne se fait criante. « Quand on dit "nous" sur le plan européen, de qui s'agit-il ?, demande le politologue bulgare Ivan Krastev lors d'une conférence en avril à l'université de Sofia. Si l'on veut que l'UE fonctionne correctement, il faut absolument commencer par définir qui est ce "nous" européen. » Divisés par la crise, les Européens du Sud et ceux du Nord forment-ils un «nous » ? «Nous », est-ce une somme d'institutions bruxelloises ou vingt-sept peuples côte à côte ? Ou tout cela à la fois ? A Paris, le 14 mai, une autre conférence, à la Maison de l'Europe, débattra de la question brûlante: « Faut-il être fier d'être Européen ? »

De toute évidence, l'homo europeus reste à inventer. L'Européen existe, mais sa dimension civique et politique est incomplète. La crise de la dette publique pousse à une intégration institutionnelle plus profonde de la zone euro, mais l'Européen, lui, s'en sent exclu : l'écart entre les institutions de l'UE et les citoyens des Etats membres, au lieu de se resserrer, s'est creusé. Au début, le concept de citoyen européen n'existait pas. Puis, en 1979, l'élection du Parlement européen au suffrage universel direct a marqué la reconnaissance d'un droit de vote à l'échelle de la communauté européenne: c'était un pas important vers la citoyenneté. Mais c'est le traité de Maastricht qui, en 1992, a vraiment donné naissance à la citoyenneté européenne. « Est citoyen de l'Union toute personne ayant la nationalité d'un Etat membre », proclame l'article 17. Avec, aussitôt, cette limite : « La citoyenneté de l'Union complète la citoyenneté nationale et ne la remplace pas. »

Un citoyen se définit, bien sûr, par des droits civiques et politiques. Le citoyen européen a le droit de vote et de se faire élire : au Parlement européen, donc, mais aussi aux élections municipales dans l'Etat membre où il réside. Il a le droit de pétitionner devant ce Parlement. Il a le droit de bénéficier de la protection diplomatique de tout Etat membre.

Plus important sans doute pour beaucoup des 500 millions d'habitants de l'UE, le citoyen européen a aussi le droit de circuler, de séjourner, de s'installer, de travailler et d'étudier dans les autres Etats membres de l'Union. L'application de ce droit a créé une dynamique de mobilité intra-européenne – on ne dit plus, dans ce cas, « migration », mais « mobilité » – qui prend une valeur toute particulière lorsque la crise chasse les jeunes diplômés d'Europe du Sud vers l'Europe du Nord.

Contrairement aux migrants extérieurs à l'Union, les ressortissants européens peuvent aller librement chercher du travail au sein de l'UE. Cela en fait-il des citoyens ? Lorsque *Der Spiegel* affiche triomphalement en couverture ces jeunes chômeurs diplômés du Sud qui émigrent et viennent faire tourner la machine économique allemande, la dimension d'une citoyenneté commune, sans même parler d'une identité commune, est totalement absente. « La citoyenneté européenne n'est pas liée à l'accès au marché du travail, souligne Loïc Azoulai, professeur de droit européen à l'Institut universitaire européen de Florence. Elle est censée représenter beaucoup plus que cela. »

Au-delà des lacunes des traités, une institution a beaucoup contribué à construire, à sa manière, la citoyenneté européenne: la Cour européenne de justice. «Arrêt après arrêt, décision après décision, la Cour confère des droits aux ressortissants européens et un peu plus de substance à l'Europe politique», relève Etienne Pataut, professeur à Paris-I-Panthéon-Sorbonne et spécialiste de droit social européen, dans une étude publiée sur le site Internet La vie des idées.

Dans sa jurisprudence, la Cour européenne s'est délibérément concentrée sur le droit à la libre circulation, pour en exploiter sans cesse davantage les possibilités, élargissant le droit au séjour et faisant passer au second plan la fonction économique initiale de la libre circulation. Etienne Pataut en est convaincu: on peut désormais parler de «citoyenneté sociale européenne». Mais, face au tsunami de la crise de l'euro et à la montée de l'euroscepticisme qu'il provoque, ces petits pas ne compensent pas l'absence d'affectio societatis qui empêche de cimenter une identité européenne. Cruelle ironie, l'année 2013 est, officiellement pour l'UE, « l'année européenne des citoyens». Le saviez-vous?

This chapter was originally published on 9 May 2013 in Le Monde.

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EUROPEAN PARLIAMENT PRESIDENT CALLS FOR NEW APPROACH TO ELECTIONS*

MARTIN SCHULZ
PRESIDENT OF THE EUROPEAN PARLIAMENT

A cross-border approach is needed in the 2014 European elections in order to restore citizens' confidence in the EU, the European Parliament's president has said.

"The people should have the feeling that their vote matters. The next president of the European Commission will be elected by the European Parliament and not behind closed doors by heads of government," said European Parliament President Martin Schulz, speaking after The State of the Union conference in Florence on 9 May.

The European Commission president will be elected in July 2014, just weeks after citizens go to the polls to elect their representatives in the European Parliament.

Schulz called for national parties to take a regional approach to the upcoming elections, promoting candidates in other EU member states rather than focusing on a national campaign. "Imagine if in Italy the left-wing parties say, 'We support an Austrian,' and the right-wing parties say, 'We support a Bulgarian'…That's exactly what we need.

"We need a campaign and debate about how Europe should be organised – left-wing, right-wing, liberal, green. This is a chance to be seized following the entry into force of the Lisbon Treaty," he said.

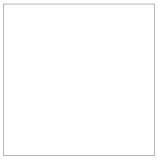
Schulz's position is part of a wider European Parliament strategy to encourage citizens to vote next year. Turnout at the last parliamentary elections in 2009 was just 43 per cent; half of Europeans think that having candidates from other EU countries could attract more voters.

The president also said that the EU must do more to help citizens understand the structure of the Union: "In an election campaign, my experience is that people don't understand what we are talking about, because of the structure of the European Union. From time to time, my feeling is that people who are working within the structures of the European Union increase this lack of understanding."

More information about the EU's impact on citizens' lives would increase voter turnout, 84 per cent of Europeans said last year.

This approach is essential to regain citizens' trust in the idea of the European Union, Schulz said. "If we create transnational sovereignty then we must create transnational democracy. In the foreseeable future the European Union needs more visibility and more accountability."

**This article covers the address delivered by President Martin Schulz at the EUI following the State of the Union Conference 2013. It was written by Rosie Scammell and originally published by the EUI on 13 May 2013.*



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THE STATE OF THE UNION conference is an annual event for high-level reflection on the European Union, organised by the European University Institute (EUI). The conference brings together policy-makers, leading academics, and business and opinion leaders to discuss the present and future prospects of the European Union.

The European University Institute (EUI) is a unique international centre for doctorate and post-doctorate studies and research, situated near Florence, Italy. Established in 1972 by the six founding members of the then European Communities, the EUI is now supported by 20 member states and has earned a reputation as a leading international academic institution with a European focus.

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