



Speech by Prime Minister Guy Verhofstadt at the 7th European Forum Wachau in Göttweig - What kind of future for what kind of Europe?

Brussels, 24 June 2001

Herr Bundeskanzler,
Herr Landeshauptmann,
Excellencies,
Ladies and Gentlemen,

I am particularly grateful to the organisers of the European Forum Wachau for having invited me here today. In the first place, the Forum allows me to reaffirm the ties between Belgium and Austria. Hence, I am looking forward to the discussions, which I shall have later today with Chancellor Schüssel concerning the most important European issues currently on the agenda.

As you know, Belgium takes over the presidency of the European Union in exactly seven days. From that moment onwards, as President of the European Council, I shall have to observe some restraint in my statements and interventions. At least, that is what diplomats are telling me. So, today it appears to be the ultimate opportunity for me to speak out freely on the most important European issues and in particular on the future of Europe.

I do this at a crucial moment shortly before the upcoming enlargement of the European Union, the fifth in a row. But this time, it is much more than just another enlargement. It is a real mutation of the Union. In a matter of just some years, there will be 25, 27 or even more Member States. The enlarged Union will display little resemblance with the Union in which we now live. Time has therefore come to start considering how the enlarged Union will look like. What project will it embody? On which values will it be based? What will be its objectives and competencies? How will decisions be taken? How will it be financed? What will be its institutions?

Those are crucial questions. Better still, the answers to these questions determine whether European integration will survive enlargement. And I really do not exaggerate. If indeed we fail to find the right answers, the European Union risks to get bogged down or slide away in conflicting national interests, in institutional disarray.

The challenge we are facing is enormous. A new impetus is absolutely indispensable. During decades we have shaped the Union step by step, now time has come for a qualitative leap.

Ladies and Gentlemen,

In fact, already before Nice it had become clear that such a leap is indispensable. Enlargement inevitably raises the question "how to structure political life in a Union of 25, 27 or even more Member States?". Several European political leaders have addressed this question over the past year in a number of significant interventions. As a preparation to this speech, I have just re-read them all. And I must say, things are moving in Europe. Ideas which until a few years ago were taboo and rejected outright as fantasies of Euro-fanatics, such as the idea of a European constitution, a European asylum policy or a European public prosecutor are being advocated without restraint. Clearly, the minds are going into the right direction.

But it is not all roses.

Two weeks ago the referendum about the ratification of the Treaty of Nice took place in Ireland. A majority rejected the Treaty. But it was the majority of a minority. While it is true that 54 % of the participants in the referendum rejected the Treaty, only 33% of those entitled to vote deemed it worthwhile to cast their vote. A lot has already been said about the causes of this outcome: the Irish distrust of the European defence policy, the fear of qualifying less for the benefits of structural funds after enlargement, the fact that the proponents of the Treaty had insufficiently mobilised voters. I see, however, and above all, a fourth, much more profound reason for the Irish result. The Irish "no", just as the Danish "no" of last year, is the consequence of the identity crisis, which the European Union is going through. There is a gap between the European Union and its citizens, a gap, which since Maastricht has not decreased. Just as there often exists a gap between the citizens and their national government. However that be, the citizen questions ever more incisively what he or she perceives as an untransparent "Europe", criticised for its regulatory drift, unclear delimitation of powers and deficient democratic legitimacy. The citizen especially questions a Europe which does not limit itself to setting out the general framework and the broad outlines, but also seeks to regulate into its smallest details the practical implementation of still another directive or action programme.

As I said, this gap between the citizen and public authorities is not new. It is known also in the Member States. In virtually all parliamentary democracies we observe this problem. In any event, opinion polls indicate that the citizen has not less confidence in the European Commission than in his or her own government, not less confidence in the European Parliament than in the national parliaments. But this qualification does not make the problem less real.

Recognising that there is an identity crisis, not shutting one's eyes towards the growing indifference for the European project that seems to me the best platform to launch the debate about the future of the European Union. One should be prepared to acknowledge the weaknesses of the European construction to be in a position to design a new future for Europe.

What is wrong then? What are the mistakes made?

The principal disease of the Union definitely is its lack of transparency. The Union has turned into an institutional and instrumental imbroglio. When I was a university student, Mr Chancellor, everything was still very simple. The policy instruments of Europe were clear and precise. There were regulations, directives and decisions, and besides recommendations and opinions, which are not binding. But as the policy areas of the Union systematically expanded, ever more new policy instruments came into being. This has led to a real proliferation of possible types of action on the part of the Union. Let me just elaborate on this.

You know as I do that the European Union rests on three pillars. The first relating to the policy areas of the Community, the second concerning the common foreign and security policy and the third regarding police and judicial co-operation in criminal matters. In each of these pillars, however, different policy instruments apply. In the second pillar there are no less than five different types of action: the principles and general guidelines, decisions on common strategies, decisions "tout court", joint actions and common positions. In the third pillar, the Council can in turn adopt four types of acts: common positions --which, however, profoundly differ from the common positions in the second pillar-- framework decisions, decisions and conventions.

If that were all, one would somehow still be able to cope. But, in the first pillar also, an inflation of policy instruments has taken place. In each policy area, specific policy instruments have been created: broad guidelines; guidelines "tout court"; incentive measures; co-ordination initiatives; framework programmes; action programmes; action plans; multiannual programmes; provisions and appropriate provisions (apparently that is not the same); arrangements; measures, appropriate measures and specific measures; harmonisation measures; uniform principles; etc. etc.

All of this is contained in the Treaties on which the Union is founded. I have not exaggerated. I did not even give an exhaustive overview. Is it then still surprising that a feeling of legal uncertainty appears? Is there not an urgent need to define in the Treaty the legal scope as well as the possible judicial enforceability of the different types of acts of the Union? Furthermore, is

such arsenal of policy instruments really necessary?

But, there is not only the proliferation of policy instruments. The European Union also rests on too many Treaties: the Treaty on European Union, the Treaty establishing the European Community, the Treaty establishing the European Atomic Energy Community, and so far still, the Treaty establishing the European Coal and Steel Community, which is due to expire in July 2002. It really is time to redraft the European Treaties and to integrate them into a compact, unambiguous and accessible text. It is just as imperative to make disappear the distinction --or should I better say confusion-- between the Union and the Community. We need a single Union endowed with legal personality. This boils down to abolishing the distinction between the pillars, which in any event is totally ununderstandable for the citizens. We also must state with precision the rights and freedoms of the European citizens. The Charter of fundamental rights of the European Union constitutes the first step in that direction.

All of this is to contribute to constitutionalising the Union. Frankly, I do not understand those who oppose a European constitution. Each country has a constitution and everyone finds this normal. The European Union must get one, too.

Ladies and Gentlemen,

These considerations on the policy instruments and the Treaties bring me naturally to the policy areas, the powers of the European Union. Article 2 of the Treaty on European Union sets out five general objectives for the Union. Article 2 of the Treaty establishing the European Community defines, in addition, eight objectives which have to be achieved in policy areas having each their further specific objectives. All of this gives our European project a rather diffuse image. And that even without considering the absence of a clear-cut distinction between exclusive and concurrent powers or the fact that the Treaties do not provide clarity with respect to the status of residual powers. Add to that the complexity of the policy instruments as illustrated above, and you obtain an extremely complicated structure, which cannot possibly be explained to the European citizens.

In contrast to the inflation of policy instruments, the issue of powers is not merely a quantitative one. The intention is not to call into question the powers or objectives of the Union. Rather, the complexity of the present system of attribution of powers calls for their re-ordering, definition and specification. We must be prepared to answer the question of what should be the balance between the powers of the Union, the Member States and their regions, in other words, the "Kompetenzordnung". The principles that are to guide this exercise appear in any case to be clear. Each power must be exercised at the most appropriate level of government, that is in a manner, which is both as efficient and as close to the citizen as possible, in accordance with the principle of subsidiarity. The true difficulty, however, lies in expressing these principles in European daily practice.

Euro-fanatics want to transfer as many things they can, if not everything. They are heading for a Union that would put an end to the sovereignty and independence of the Member States. Quite to the contrary, Euro-sceptics contend that at the very most the Union can be the overarching structure of a loose confederation of sovereign States.

I am using this forum to contradict with force both of these currents of thought. The advocates of national sovereignty --the sceptics-- come fifty years late. A supranational Europe already exists since 1952. There appears to be no obvious reason for not continuing the growth of the Union along the lines of the Community method. At the same time, however, the advocates of a supranational Europe must concede and understand that the Member States, as States, will not simply disappear. They remain the political building blocks of a European identity, which is not weakened by diversity but rather strengthened. A sound delimitation of powers between the Union and the Member States should not confine itself to implementing one of the two currents of thought mentioned.

A workable European Union indeed requires clear arrangements whereby the only really

relevant question is to know at which level of government the power at stake can be exercised in the most appropriate way in the interests of all. In other words, it is for the Union and the Member States to seek for each power the optimal balance and to re-arrange the powers of the Union accordingly. Because of the step by step approach followed since 1952, we somehow never engaged in that exercise. During almost fifty years Europe has grown in a sort of organic way. Rarely the question was asked of what should be the final destiny, the final outcome or the optimal division of powers.

That does not hold true for the citizen. As the latest Eurobarometer clearly indicates, the citizen knows all too well what are the essential tasks he or she expects from the European Union, such as defence, foreign policy, etc. At the same time, he or she thinks that the Union is too much engaged in the practical implementation of different policies which should better be left to the national level and, as far as the federal Member States are concerned, even to the regional level. Mind you, this is not a plea for the transfer of entire policy areas from the Union to the Member States. I am not advocating the re-nationalisation of entire policy areas, all the more since in most of them both the Member States and the Union can act. But I do think that some areas should be the prime responsibility of the Member States and that in these areas the role of the Union should be merely one of support. I am thinking, in particular, of culture, sports, or education. Should we not put down in writing that these areas are part of the core activities of the Member States? In these areas, the Union should be enabled only to supplement actions undertaken by the Member States on condition that the Member States so wish and that there is a clearly demonstrable interest for such supplementary action at Union level. Would that not be the true meaning of subsidiarity?

That brings us to the areas in which the Union enacts legislation. Should the Union not concentrate in the first place on setting up a framework, on fixing the conditions for a given policy and on controlling its implementation by the Member States or their regions? Has the Union not gone too far in the daily administration of policies? This has led to the creation of tens --or better hundreds-- of management committees. Some examples. Is it really for the Union to fix the practical details of the rural policy? Should the Union really manage every single element relating to the implementation of the framework programme for research and development? Is that really part of its core activities? I think not. The Member States and their regions should be more expressly involved in the exercise of such powers.

That finding naturally brings me back to the concept of subsidiarity. We should indeed guard against an all too zealous or blind application or a wrong interpretation of this concept, which would unduly empty the powers of the Union. Subsidiarity essentially concerns the relationship between the Union and the Member States. To me, the principle of subsidiarity refers to the right of the Union to pursue, within its 23 policy areas, well-defined objectives with well-defined means. The current scope of this principle is the result of a long maturing process. It seems to me that it would be very unwise to start interfering with that result, the main reason being that the assessment necessary to apply correctly the principle appears to differ from one Member State to another. An example may illustrate this. Let us take the research and development policy of the Union. A smaller Member State not having within its territory large industrial groups or well-financed universities, will feel a greater need for research and development programmes of the Union than a larger Member State having such groups and universities.

Mr Chancellor,

In my own country, which traditionally advocates further European integration, I notice on a daily basis some reticence regarding the ideas I have just expressed. Many do not understand why I am prepared to open the debate on a new division of powers. They fear that this debate will mainly serve the interests of those opposed to "Europe", that is those who do not want further European integration. But I think that this fear is unfounded. I even think that the contrary is true. As long as we, the advocates of a stronger Europe, are not prepared to open the debate and to analyse the weaknesses of Europe, we shall not be able to give a satisfactory answer to the ever-growing criticisms. And I shall say it even more clearly: those advocating more European integration have an interest in creating greater legal certainty, in putting an end to the creeping expansion of powers, in putting order in the chaos of policy instruments, in

really taking into account the legitimate aspirations of the Member States and their regions. Because it is only when we are prepared to create greater legal certainty as to the objectives, powers and policy instruments of the Union, that we might trigger a willingness on the part of countries now reluctant to further integration, to co-operate with us.

Ladies and Gentlemen,

Let there be no doubt about it. I am greatly in favour of further European integration. And however paradoxical it may seem, it is absolutely necessary to that effect that the Union concentrates on its core activities, including those which at present it does not or hardly take care of. For instance, socio-economic policy supporting the monetary union; the establishment of minimum rules for social protection; a common asylum and migration policy; a genuine common foreign policy and a credible common defence policy. In fact, the Union already has these powers, at least theoretically. But, at this moment, it does not always use them to their full extent. Often, this is the result of the unanimity rule. When in the near future the Union comprises more than 25 Member States, I fear that progress in these crucial areas might even become impossible. For this reason, I am a convinced supporter of the mechanism of enhanced co-operation, a mechanism that we made more flexible in Nice. This enhanced co-operation should not be perceived as a mechanism of exclusion. On the contrary, it is an inclusive and dynamic process that will stimulate integration.

As it turns out, the current European debate can best be summarised in the following way: do we let the European Union evolve into an ordinary international organisation operating on the basis of intergovernmental co-operation? Or do we follow the path of the Community method, albeit under a new variant meeting the requirements of transparency, efficiency and democratic legitimacy?

I am convinced that in particular the imminent enlargement of the Union will force us to make some fundamental choices. In a European Union with 27 Member States, intergovernmental co-operation, if it is not to lead to indecisiveness, will inevitably take the form of a "directoire" or, in other words, a de facto administration by some larger Member States. And even if this fear should prove unfounded, the fact remains that an intergovernmental approach --whatever its form-- could never make up for the absence of Community institutions. A few examples may illustrate this.

Let me first remind you of the recent Balkan wars. We had neither the institutions nor the means to react swiftly and adequately. Eventually the United States took the initiative.

A second example, the Euro. It is obvious that the markets undervalue the Euro. After all, the underlying socio-economic reality is sound: the expectations of economic growth remain good, unemployment rates are dropping, inflation remains low. What is wrong then? The answer is simple: the absence of a common socio-economic policy, the absence also of a genuine political union. Let me put it this way: there are countries without a currency, but there are no currencies without a country.

A third example illustrating the sheer necessity of a reshaped Community method relates to migration. In spite of the impetus given by the European Council of Tampere, it is obvious that intergovernmental arrangements alone will not be sufficient to lead to concrete results. We need to actually create a European judicial area, to adopt a common policy aimed at the combating of crime and a common policy regarding asylum and migration, precisely by having recourse to Community institutions. If we do not act that way, no results will be obtained.

A fourth and last example concerns environment and public health. Everyone must have understood by now that we no longer can handle at the national level only the successive food crises. Hence, the need for a Food Authority with more than just an advisory task. And as far as the environment is concerned, and in particular the change of the climate, only common action of the Union at world level makes sense, for instance, in order to achieve implementation of the Kyoto-Protocol.

Does this mean that the intergovernmental approach should at any price be avoided? Of course not. Intergovernmental co-operation can be a start and sometimes even an intermediate stage on the way towards unification. But it may never become an objective in itself. Indeed, while the Community method can work with qualified majorities, the intergovernmental approach always rests on unanimity. And in many cases this stands for powerlessness and indecisiveness.

Ladies and Gentlemen,

In a Union that soon will count half a billion inhabitants, it is efficiency that matters. That requires that the Community method must not only be modernised but also extended to all policy areas of the Treaties. Some will call this a federation, others a union of nation-states. I do not wish to participate in such a semantic debate. Not the name, but efficiency matters! Only an efficient Europe, respecting the great diversity of Member States and regions, can complete the project that over the past fifty years has brought so many benefits to the peoples of Europe. Also the advocates of further European integration will have to acknowledge the differing identities of states and peoples, identities which constitute the essence of Europe's identity. For this reason, our European project is the very opposite of a centralised super-state which opponents rightly fear and reject. In our project, power is divided and dispersed. While some powers would be centralised, just as many others would be decentralised. Our project is based on balance and subsidiarity, but also on unity and efficiency.

Mr Chancellor,
Ladies and Gentlemen,

Finally, I would like to say a few words about the institutions, which an enlarged Union should have at its disposal. It is exceptional that institutional issues are addressed only at the end of a speech on Europe. We must indeed first establish the objectives, powers and policy instruments of the Union. Only thereafter will we be able to address the institutional question. In the past decades, we all too often did the opposite. We got stuck in endless institutional discussions, which seemed irrelevant to the citizens.

One principle should guide the whole institutional debate, namely the increase of democratic legitimacy. To that effect, the Council and the European Parliament should develop into the two chambers of a single legislature, the Council being the emanation of the Member States and the European Parliament representing the European peoples. Decision-making by qualified majority vote in the Council should be generalised, just as the right to co-decision for the European Parliament.

In the Council --which, of course, has a number of executive tasks, as well-- there is also room for the constitutional regions of the federal Member States. In my country this is felt to be self-evident, not in the least because the "communities" and "regions" have international powers in areas for which they have internal competence. You will thus notice that during the Belgian presidency some Council meetings, like the Industry Council, the Research Council, the Culture Council or the Education Council, will be presided by the competent ministers from the "communities" or "regions" and not by ministers from the federal government.

There is also a need for a strong Commission, which can fully concentrate on its essential tasks as they flow from the Treaties, a European government, which is not caught up, in the daily management of many different programmes. Such a strong Commission should, in my view, be headed by a President who is directly elected by the peoples of Europe. Relying on a mandate given by the voters, the President of the Commission would have sufficient authority to lead the European executive and to take up responsibility for it towards the European Parliament. In Nice a first step in the right direction was taken when it was decided that the President of the Commission would be appointed by the Council acting by a qualified majority. So far unanimity was required. It is now our task to take the necessary further step. We should also seize this opportunity to put an end to the ambiguity the foreign and monetary policy. One spokesperson for the Euro as well as merging the functions of High Representative Solana and Commissioner Patten are inevitable.

The reform of the institutions presented here is not just an intellectual game. It reflects the fundamental democratic aspirations of the Union: transparency, efficiency and legitimacy. Enlargement of the Union makes this reform inevitable. A Union with 27 or maybe even 35 Member States cannot be democratic in the same way as the Six of 1952 or the Twelve of 1986. Today, our ambitions in this respect are bigger.

Ladies and Gentlemen,

Those who reject European unity take a very big risk : fragmentation of Europe's peripheral territories, instability at its external borders, increasing migration, conflicts and even wars. Over the past fifty years, the European Union has demonstrated that the opposite is possible. Age-old enemies can live together in peace. Feuds can be overcome. Peace and stability are no longer an illusion on the old Continent. We may never lose that perspective.

Thank you for your attention.

Guy Verhofstadt

Prime Minister