A Europe without Borders

Policies of Managing Change

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I.

Beyond the old borders

Overcoming borders is the symbol of the early years of European integration policy – condensed in the dismantling of barriers at the border crossings between the founding states of the European Economic Community. Today, fifty years later, this symbolism has gained a new dimension. European politics is characterised by processes of dissolving borders, each of which contains specific chances and risks. Abolishing borders does not only mean to remove barriers but also to change the frames of reference and relations. Each dissolution of borders thus also holds the necessity of redefining, of newly surveying the spaces.

In the years to come, three processes of border abolishment will mark the face of Europe:

three processes of de-limiting Europe

- About 15 years later, the opening of borders in Hungary in 1989 will be followed by the enlargement of the European Union into the space of the perished Warsaw Pact – apart from the special case of the new federal laender in Germany which led the way via German reunification. Upon the integration of the associated states, the EU crosses several of the previous limitations: the Western European post-war community becomes a union with all-European standards. In the different stages of enlargement, integration will first cross the margins of the Latin Europe, then those of the Christian Europe. Ultimately, by accepting Turkey, it would, at the Bosporus, also reach beyond Europe's geographic demarcation lines.
- After extensive completion of the internal market, state services as well as public enterprises now represent the limits to the opening of markets. Their future organisation and European definition will be at the core of the European ordering policy. At the same time, the borders of national currency spaces will fall as soon as the euro will de facto be introduced as means of payment. Even those EU member states that are not yet members of monetary union will feel the opening pressure of the common currency in their currency spaces.
- The institutional reforms of the Nice Treaty have shown the limitations of the supranational principle. The path towards the opening of national sovereignty obviously requires a more precise definition of how far European integration can be extended. The post-Nice reform process will, therefore, limit the dissolution of borders – mainly by making the division of labour between the European, national and regional levels more precise.

Apart from these far-reaching experiences phenomena of abolishing borders can be found in different facets of European politics. This goes from the globalisation of trade and financial flows to the internationalisation of immigration into Europe. At the same time, the political development of integration marks out new borders: by deepening the security and defence policy integration overcomes the limitations of the European Union as a "civil power".

An ambivalence becomes visible in the public perception of these European perspectives. On the one hand, the gradual abolishment of borders enlarges the meaning of the concept of European unification and opens new fields of how Europeans see themselves and understand each other. On the other hand, the multi-layered dissolution of borders provokes uncertainties and even fears. The further and deeper the integration will go the more insistently the question will be begged: what unites this Europe and which is the unifying concept underlying its extensions?

The EU on the eve of enlargement

The EU-15 is no static structure. In the economy, in society, and in political life it is possible to perceive a new dynamism and restored self-confidence. The EU's gross domestic product continues to grow, whilst new jobs are being created, especially in the New Economy. For years now Europeans have experienced a unique period of internal monetary stability. In the European Union's societies there is once again a greater willingness to embrace innovation. Reforms are no longer seen primarily in terms of radical change or of being burdensome, but as an opportunity to make improvements. Europe's citizens want to take an active part in the debates on the future of both the state and society, the protection of their interests and values and the formation of Europe as a whole.

This dynamism is also reflected in the policies of European unification. Ambitious projects of deepening the essential areas of integration policy are under way:

stimuli
for integration

- In the years to come after Nice, on the one hand, the division of labour on state level – horizontally and vertically – has to be redefined. On the other hand, a democratic and citizen-oriented political order is to be further developed on the European level.
- The development of the EU into an Area of Freedom, Security and Justice will require new forms of internal security, such as the control of immigration.
- The development of a Common European Security and Defence Policy seeks to strengthen Europe's credibility as a peace factor. Europeans will equip themselves with the means to make their crisis management more effective, to

pre-empt the infringement of peoples' elementary values and human rights, to strengthen the alliance between the democracies of North America and Europe, and to support the capability of the international community to sustain peace and order.

- A common market and a single currency require the consolidation of political decision-making capabilities on the same level – fields like sustainable economic development, employment and social stability will increasingly become issues for European policymakers.

For European policy makers it will be of crucial importance to explain to the public the reasons for these projects, the direction in which they will develop, and the political implications resulting from them. The process of integration has reached a stage which requires an open debate about which steps should be taken next. Understanding Europe forms the precondition for support and participation. Without popular approval it will be impossible to realise any of Europe's ambitious projects. And without an energetic programme on the part of policymakers to explain the aims and stages of the current projects, approval will not be forthcoming. Such a programme is not free of risks – it could reveal societal and national limits of consensus that might make it impossible for governments and parliaments to further develop Europe. Nevertheless, an open debate cannot be avoided, for without it vague fears which are abused in political rhetoric could distort the discussion about Europe, and turn the whole point of the debate on its head. Without legitimisation through discourse and participation, the decision-making capability of European policymakers would, at any rate, be weakened.

securing popular approval

Dimensions of enlargement

The eastern enlargement mapped out for the EU simultaneously marks the Union's geographic range. Today, it comprises Europe's entire former "West" except Switzerland and Liechtenstein, Norway and Iceland, which could join any time if they wanted to do so politically. In addition, despite all differences in their development and regional particularities three groups of states can be determined, from which the future new members of the European Union will come:

- The first group consists of the presently negotiating states in Central and Eastern Europe as well as the two island republics Cyprus and Malta. The differences among them are big, given the distance between their levels of performance and income and that of the weaker EU member states as well as with regard to the willingness and capacity fully to adopt the economic, administrative and political framework of the EU. Adapting to the regulated policy fields of the EU, mainly agricultural policy, and implementing EU law in the candidate states in administrative and

the associated states

legal terms are among the greatest difficulties. Political problems could complicate the accession process: the integration of the Russian minority in Estonia and Latvia has, to date, not yet been fully accomplished, for example; the position of the Hungarian minorities does not seem to be permanently secured; and accession of only the Greek part of Cyprus would harden the division of the island and block entry to Europe for Turkish Cypriots.

- A second group of future members consists of the states of the Western Balkans. Via the Stability Pact and several declarations of European bodies they have been promised accession if their internal development and goodneighbourly relations in the region permit their joining the transformation process in East Central Europe. Presently, the development in Croatia seems to be the most progressive as regards democratisation as well as the pluralisation of the media, the openness of society and the strengthening of private enterprises. The minority policy still seems to be problematic, in particular the Krayina question, which is a regional signal. Despite extraordinarily unfavourable conditions Macedonia has stabilised its transformation and is on the right way towards consolidation, whereas in Albania there are still marked deficits in the stability of the democratic order and the capacity for action of the political leadership. The Federal Republic of Yugoslavia now has the chance to follow the development of the region, if the democratic renewal can be politically and institutionally secured on the level of the Republic of Serbia as well. Besides, the development of new and voluntary forms of re-federalisation of the Federal Republic of Yugoslavia will have to be successful. Neither transforming the present conditions nor returning to the status quo ante will suffice to do justice to the Kosovars' and Montenegrins' experiences and interests. Ultimately, even the probably most fragile state in the Western Balkans, Bosnia and Herzegovina, will, under the thus improved regional framework conditions, have a real chance to overcome the friction of ethnic strife and survive as multiethnic state. Due to its external and internal situation, Bosnia and Herzegovina would directly profit from the pacification of its surroundings and, without greater difficulties, keep up with the modernisation of its neighbourhood.

the Western Balkans

- The third group comprises the space east and southeast of the above-mentioned regions of an enlarged European Union. At present, Turkey is the only one of these states to have a concrete promise of accession even though it seems to be still rather far away from starting negotiations as long as the internal order and constitutional situation of the country is not considerably changed. On principle, in the future, it is possible for Russia or Ukraine, for Moldova or Georgia, once to follow Turkey's course and assume a posi-

Turkey
and its neighbours

tion within the European Union. At first, however, the prestage of the customs union that has already been realised with Turkey is on the agenda for these states: the successful development of a partnership relation with the EU, with the perspective of building up a free-trade area.

The decision of the Helsinki Summit formally to grant Turkey the status of accession candidate has redrawn the borders of Europe, for the resolution of the heads of states and governments overtakes earlier and familiar patterns of defining Europe: the range of integration cannot be unambiguously determined in geographic terms. Turkey is situated at the intersection of several large regions and only part of it belongs to the European continent. Integration could neither simply be limited to the Latin Europe: upon eastern enlargement Greece will no longer be the only orthodox state within the EU. This equals the last enlargement years ago, which made the notion held in Northern Europe obsolete that the project of integration was a Catholic one.

new limits of integration

In sum, the Helsinki decision, which was makes the willingness to integrate into the future European Union, based on people's free and conscious decision in favour of Europe, and the capacity to co-operate in it the decisive criterion for the range of integration. Europe's borders will thus be where people, fully aware of the consequences of this step, decide in favour of the integrated Europe. Thus Europeans have at least decided not to distinctly separate themselves geographically from the east. As a logic consequence, they will possibly later on also have to apply this approach to the opposite coast of the Mediterranean or to the peoples of the Middle East.

Scenarios of deepening and loosening

The contents and the form of the Nice Intergovernmental Conference have shown that the projects of deepening as well as the border crossings of enlargement will force that the earlier vague idea of the "finalité politique" of European integration has to be made more precise. Both threads of development hold features, which will prove burdensome for the system of integration and the cohesion of its members and require mutual ties to be reinforced. In terms of digesting these burdens the integration process is at a conceptual crossroads which does not allow for leaving the finality question open, as it has been the custom to date. By contrast, the decision among different development scenarios is necessary.

In the first of these scenarios the productive utilisation of the present challenges as part of a process of systemic change would trigger off even more integration. Thus the European Union could be transformed into a federation of European states based on a Constitutional Treaty with delimited responsibilities of the different levels, and entrenched procedures of democratic legiti-

federation of European states

misation and control. This would decide the state-building of Europe in favour of the supranational ideal. The precondition of this scenario is that even the future member states be willing to transfer a substantial amount of sovereignty and build up European governing capacity.

a free-trade area "de luxe"

But European integration could also pursue a second course, in which supranational action and government co-operation merely complements the policy of the member states. This Europe could take the form of an enhanced free-trade area – loose enough to accommodate the diverging interests, claims and ambitions of the states, though strong enough not to lose returns of scale of the common economic area as it increases step by step from 15 to 28 or more states. This scenario seems to exclude the further development of political integration for all to a considerable degree. At best, it would be plausible by way of strengthened co-operation among the circle of the euro states.

differentiated integration

A third possibility, which lies between these two development scenarios, would be differentiated integration. If it proves impossible to enlarge the EU and at the same time to achieve its political goals, then probably the only way of strengthening the cohesion of the EU and progressing with the integration project would be to permit certain countries which are able and willing to do so to foreshadow the "finalité politique" of a larger European Union. One group of states would constitute the economic union, another the internal security union, and another the defence union. The members of these avant-garde projects do not necessarily have to be the same. However, since they will probably coincide, they could continue to impart vitality to the idea of a European Federation - as a way of bringing together results, experiences, and structures of enhanced integration, and as an offer, which is open to all members of the EU.

disintegration

Ultimately, another alternative development would be disintegration – not as a gloomy variant of failure, but because the concept may have become out-dated. This scenario assumes that integration is a product of the Cold War and the separation into antagonistic blocs and will not survive the context of its development in the medium term, be it because the diverging interests of the states eclipse the necessity for co-operation, be it because new forms of transnational and global control or regulation supersede the importance of regional integration.

Which of these alternative developments will determine the future course of European politics cannot be settled from one particular situation or decision, but is path-dependent from the numerous integration milestones which followed the fall of the Berlin Wall. With regard to the state of European politics after the Nice Summit, the answers to three general questions will have a decisive influence on the future development of the European Union:

- How should Europe be organised in political terms – how can a balance be established within the triangle of efficiency and the capacity to act, democratic legitimisation and

control, and the division of labour between the EU, the states, and the regions?

- Which social and societal model will ensure the future of Europe – how should the balance between competition and solidarity be defined, and how can public tasks be dealt with?
- How should the future Europe be rooted in global politics, and how could the capacity to act in terms of foreign-policy be won?

II.

Europe's political order

The Intergovernmental Conference to reform the European Union and the Nice Summit have demonstrated the range and intensity of the different positions and conflicting interests presently characterising the EU. Reinforcing the European capacity to act is opposed by national reservations which either refer to particular fields of action or to the role of European institutions. The intersection of these reservations is so large that the degree of common ground cannot generate a satisfactory result in terms of European politics – in consequence, the Intergovernmental Conference loses in importance as instrument of innovation.

the NiceTreaty – a balance sheet

The balance sheet of the Nice Treaty thus contains mixed signals for the future of integration. On the one hand, steps were made towards the goal of strengthened capacity for action set for Nice: the need for unanimous decision was abandoned in some fields and strengthened co-operation was facilitated and enlarged. By way of a stronger proportional composition of the European Parliament the quality of democratic representation will be somewhat improved. On the other hand, this progress was bought at the price of reinforcing veto positions and non-decisions in sensitive areas, which will weaken the European Union's capacity to act over the course of its enlargement. Thus central policy fields of European domestic policy, such as social and fiscal policy, were omitted. In trade policy, diffuse protective clauses could even result in a return to unanimity. Only with temporal delay are other areas transferred to majority decisions, and structural policy will here, in particular, remain the battlefield of distribution conflicts in the enlarged EU. Moreover, the future member states were downgraded in the decision-making system: as regards the weighting of votes in the Council, the Intergovernmental Conference still managed to balance the disadvantageous positioning. As for the allocation of seats in the European Parliament, however, gradations were established that

contradict the principle of proportional representation in democratic bodies.

weakening the qualified majority vote

The Nice Treaty has not improved the procedure of qualified majority vote in the Council in terms of governing ability. Neither will governing majorities in the future be the characterising political pattern of integration, for new safety clauses have appeared side by side with reforming the weighting of votes. The formative potential won by increasing the number of votes is lost again by raising the quorum in the course of enlargement as well as by introducing two additional criteria (majority of states and representation of 62 per cent of the EU population). Each of these three elements makes it more difficult to produce qualified majorities. The formative power in European politics decreases whereas the vetoing power is growing.

Beyond the Nice Treaty the question remains of which governing system is suitable for the large European Union. Settling the power question has proved too difficult for the Europe of 15 so that a solution for the Europe of 27 can neither be achieved. Turkey, possibly the 28th member state, has not even be mentioned yet. The future balance of power will, therefore, be negotiated again, and next time, the candidate states which will by then have joined the Union, will participate. There is no telling yet whether, and how, Europe will then be capable of constitutional corrections.

Yet the decisions of Nice have provisionally answered only part of the question of the future political order. In view of the conflicts that became visible in Nice, other areas seem to have grown in importance. Among these are mainly three questions:

the reform agenda "post Nice"

1 the competency question – the strife for unanimity and veto positions in Nice is a signal of an uneasiness with the range and intensity of integration in the European Union, which may possibly only be resolved by way of unambiguously and systematically delimiting the responsibilities between the European and member state decision-making levels. Effective contractual barriers of the centripetal dynamism of integration could be the precondition of an improved decision-making capacity. At the same time, the relationship among the European institutions would also have to be redesigned on the basis of delimited responsibility.

2. the acceptance question – the Nice Treaty is another document of European diplomacy whose illegibility is an example of how inscrutable the integration system is. The Nice Treaty does not facilitate the political system of the EU. In consequence, other forms of improved transparency must be found in order to gain the citizens' acceptance. This could happen by developing a basic treaty that makes the essential objectives, the citizens' rights and duties, the responsibilities, the institutions and procedures transparent. Any other regulations would be excluded as regulations for

implementation and could be changed via a more simple procedure than now.

3. the democracy question – during the preparation of the Nice Summit the "demographic question" was often mentioned in such a way as if it was already connected with a reinforcement of the democratic quality. After Nice, this blending will have to be given up when clarifying the role of the European Parliaments and national parliaments.

In the years to come, the most difficult of these three questions will be that of the competency structure and the division of labour among the different levels of government action. All three levels depend on each other and must remain able to function and distribute the tasks reasonably among each other. States have become too small to carry out certain political tasks, which can only be dealt with by means of international co-operation or supranational politics. Similarly, there are tasks for which the European Union has become too large, and thus is not in a position to deal with in a problem-related and flexible manner. Moreover, politics and political culture in most of the smaller EU states demonstrate that the regional dimension entails considerable advantages in policymaking. These three observations constitute the rational background which urges for the division of labour between the various political decision-making levels in the European Union. The present allocation of powers corresponds neither to this nor to any other kind of rationality. For years competencies were transferred to the EU on the one hand, and on the other responsibilities have evolved from the spill-over of market integration, or were defined by rulings of the European Court of Justice.

the re-allocation of responsibilities

The subsidiarity principle of the Maastricht Treaty marked the start of a limitation of the centralisation tendencies on the European level. In future there will have to be a functioning model of competency allocation which determines the necessary joint tasks on the European level on the one hand, and on the other leaves the member states and their regions appropriate room for manoeuvre. Since nations and regions will continue to be essential sources of identity clarifying the competency question avoids the citizens' identity conflicts and helps to maintain people's ties with their political order. If conflicting competencies brought the levels of government action into position against each other this would be fatal for the room for manoeuvre and the effectiveness of political action on the regional, national and European level alike.

III.

All-European solidarity and the future of the European social model

Ever since its inception, European integration has been about more than simply providing its members with maximum benefits. The European Union productively combines economic prosperity and political stability with structures designed to balance the interests of all. At the heart of this community lies the concept of European solidarity, which today is rooted in many aspects of the policies and institutions of the European Union: in the European Union's various policy fields, principally in the structural and the cohesion funds and in the field of agricultural policy; within the framework of Economic and Monetary Union; and in a multitude of additional policies, from vocational training to the support of small languages; in a system of community financing that is based on the economic strength of its members; in the institutional balance between community and state level and in that between the large, smaller and smallest member states in the bodies of the European Union.

An essential component of this European concept of solidarity is openness to new members. The starting point for integration may have lain in the integration during the Cold War and in the special shared interests of Western Europe, but its scope has been steadily extended. Unifying Europe always had an eastwards-facing dimension – symbolising a future beyond systemic conflict – which was most tangible in the division of Germany. As far as the EU is concerned, the path being trodden by the Central and Eastern European, the Baltic and the Southeast European states as they progress towards democracy and market economy is therefore also the path into the European Union. The logic of integration dictates that the basic decision to take that final step into the EU will be taken not by the organisation and its member states, but by these European states themselves.

Over the next five years this claim will become economic, political and social reality for the first of the new democracies – in a negotiation process whose difficulty lies in the complexity of the integration process itself. The previous transformation achievements and certainly also the perspective of joining the European Union have considerably promoted stability and security in Central and Eastern Europe. Joining the EU can, therefore, happen according to the ability to participate in the integration and its further development. What could be won if the "return to Europe" resulted in the collapse of solidarity among Europeans and the loss of organisational power of European politics?

risking the collapse of solidarity

The larger Europe must essentially adapt to the larger number of members, not because the new members were not productive but because their accession means a fundamental change of constellation and structure. Simply extending existing solidarity structures and their decision-making procedures will fail in the face of frustration on the part of net contributors and competition against potential beneficiaries. Package decisions to secure a general material advantage will no longer be possible in a large EU because they can no longer be financed. Europe could disintegrate into small regions of solidarity, thus casting doubt on a major element of its identity. The danger of a collapse of solidarity and an identity crisis requires more than the gradual adaptation of policies and financial provision. The more radically former policies, programmes and procedures have to be rethought, the greater the need for an overhaul of the concept of solidarity within the European Union.

Priorities of a policy reform

Eastern enlargement brings European policy making to the limits of its current budgetary philosophy. Since the development of the common Agricultural Policy, the EU's spending policy has been based on the negotiation of universal benefits, designed to give every member state – including the economically strong – a share of the money paid to the common budget. At the same time the diverse system contains elements of financial compensation benefiting the weaker states of the community – to make up, in a sense, for the benefits derived by the stronger economies from access to their markets. However, the development gap, the gravity of modernisation problems and the strong agricultural sectors in many of the future member states will terminally overload this system.

reforming Common Agricultural Policy

The objective of the reform of the Common Agricultural Policy must therefore be a single market for agricultural products that will allow the competitive advantages of certain locations to take effect. This would result in decentralised growth stimuli, which would be attractive both to future members and to structurally weak regions of the present-day EU with favourable growth prospects. It would be both a burden on the cohesion of the EU and economically unprofitable if the transition economies of Central and Eastern Europe, with an eye to their EU membership, were to tailor the modernisation of their agriculture to the conditions of the existing system of subsidies. Thus those farmers in the candidate states who do not produce for the market ought not to be integrated into the subsidy regime of agricultural policy.

The reform of the EU structural policy is no less essential. In 2005 the gross domestic product in East Central Europe will probably only have reached 40 per cent of the EU average. If the current structural policy were maintained it would place a financial

burden on the EU that none of the member states would be prepared to shoulder. It is, of course, inevitable that enlargement will affect costs, but the funds should be reformed in strict conformity with the criteria of need and the efficient use of resources. Suitable starting points for reform would be the re-examination of the qualification threshold (currently 75 per cent of the community average for gross domestic product), an increase in the level of national financing for structural development projects, or possibly the introduction of regional development agencies to take responsibility for project conception and implementation in the place of inefficient centralised administrations.

more target-oriented structural funding

The change of paradigms of enlargement can also be perceived in other policy fields: in the field of internal security the strongly differing capacities advocate European programmes of border protection. Even in the future the enlarged European Union will have no distinct demarcation lines against the east – all the more important will be common approaches in refugee, visa and asylum policy. In other fields the experiences of earlier enlargements ought to be applied. Thus the effects of free movement on the job market can best be cushioned by specific development programmes in the border regions of today's EU and lasting growth in the accession states. Finally, all policy fields which affect distribution need re-examination: in research policy, for example, subsidising primarily the globally competitive champions would make more sense than trying to balance the future members' backwardness of research achievements in many fields with European funds. It may make sense as a measure of structural policy, but at the same time it weakens the EU's global competitiveness.

The future of the social model

While enlargement is being prepared, today's European Union is entering the second stage of the completion of the internal market. A good decade after the concept came to the fore at the 1988 special summit in Brussels competition and competition policy have reached the state economy, public enterprises and the supply structures in which, for many reasons, the market does not count even though it could count. Due to the cost transparency created by monetary union public performance is at least to a certain extent comparable. New arguments and structures to delimit the market and introduce an ordering policy within the European framework will be the consequence.

Economic competition on the one hand and social compromise, solidarity and justice on the other are not mutually exclusive – rather, in the context of the cohesion of European societies they are interdependent.

balancing competition and solidarity

With the completion of the internal market there has been a shift in the balance between competition and solidarity; in the member states the public sector is now confronted with compe-

tition. Whilst the political power of the market has increased, it has proved very difficult to incorporate elements of "positive integration". European institutions, too, are characterised by a certain bias. They are clearly responsible when it comes to maintaining competition in the internal market, but at the same time are not bound by the limitations of a European Social Model. From this imbalance arise structural political conflicts such as the debate about services of general interest provided by public companies and service providers in Germany. Yet a clearly defined European Social and Societal Model does not exist. Despite all the things the Europeans have in common when compared with non-European societies, their traditions, regulatory interests and preferences are simply too diverse.

For this reason European policymakers are faced with choosing one of three fundamentally different paths. On the one hand public services could become totally non-competitive – an option which has already been virtually ruled out by the largely successful privatisation of postal and telecommunications services and the commitment of the private service providers to the "Universal Service" principle. These experiences demonstrate that it is also possible to achieve the aims of general and comprehensive supply with the help of private service providers.

definition of public services

Secondly, it could be left to the member states to define the area of public services of general interest which should not be subject to the European law on state aids and other subsidies. This option is made available in Community law by articles 16 and 86 of the European Community Treaty (TEC). However, in practice it would on the one hand require a delimitation of the purely economic areas of the enterprises thus protected, and on the other also a positive definition of welfare-oriented tasks. If a reference to "established structures" were sufficient, an important element of the internal market philosophy would be lost.

A third option would be to entrench a European Societal and Social Model on the European level – both in order to counterbalance the market principle and free competition, and as the implementation of the frequently debated "Social Dimension" of the internal market. The goal of this approach would be to "measure out small doses of Europeanisation" and not to endow the supranational level with the structural elements of a European model. The latter would be tantamount to a kind of centralisation which could be implemented neither technically nor politically, and would not receive public approval. Instead of harmonisation, it would probably be easier to shape the social character of Europe by establishing minimum standards which would define the principles and outline the legal framework for services of general interest. This option is already contained in the Social Charter, and subsequently in the Amsterdam Social Protocol and the implementing decisions. The approach protects the competencies of the member states, for on the whole it leads to regulations below the average level.

minimum norms of European solidarity

Minimum standards ensure that social provisions will continue to remain in force even under difficult economic conditions. At once, however, the various interpretations of the European model will probably not deviate too far from each other. Minimum standards establish regulatory limits at the bottom of the scale, whereas at the top there are equally stable economic limits. If one of the member states of an integrated Europe were to move too far away from the others in this regard, its competitiveness would suffer. Thus there is already an implicit competition going on in Europe between systems which prevents excesses, and makes it possible for states to identify priorities within their respective room for manoeuvre.

IV.

Europe's role in international affairs

The European Union is among the few producers of stability in a transforming world. The common currency, the large internal market and the attraction of the integration model of a Union of 28 and more states make the EU an important factor in global politics even though its equipment with foreign and security policy instruments is still lagging behind the self-made demands and expectations of third parties. Europe's profile in global politics is determined by three major tasks: will it be able to keep the neighbourhood of the enlarged Union stable and lead it into a co-operative balance of interests with the EU? Will it manage to control crises and conflicts in the further surroundings of the EU and close the credibility gap of European peace-keeping? And will it overcome the deficit in strategic thinking in European global politics?

Ten years after the decay of the Soviet bloc the EU remains the only anchor of integration available to most of the post-Communist states. Its attraction still goes far beyond the historic core of Central and Eastern Europe. Neither has the CIS nor any other regional initiative in Southeast Europe developed into a similar integration and stability pole. The EU states are not left unscathed by the developments in their neighbourhood, and they must face the demands and the pressure of their surroundings. Therefore integration and eastern enlargement urgently need to be complemented by a coherent strategy of direct neighbourhood. A stable and all-encompassing network of co-operation, partnerships and relations must be developed for those states that cannot join the EU in the foreseeable future.

risks for
peace and stability

The main problem in Europe's neighbourhood, however, is the growing normative gap at its periphery. Increasing political, economic and social asymmetries will mark Europe's future bor-

ders. Enlargement to the east threatens to reinforce this divergence. The modernisation gap will be the future dividing line through the continent. The most visible difference is that on the economic level. At the same time, the social gap is growing. The far-reaching negligence of democratic and market-economic values and the western liberal societal mode could become the major threat. The biggest challenge to good-neighbourly relations in Europe is not the spectre of a border emerging from the Schengen Agreement, but this normative difference with its resulting risks of border-crossing crime, migration and the menace through environmental damage. Similarly, the enlarged European Union's southern neighbourhood holds risks, which result from the gap in economic, social and politico-normative developments. In several of those states that play a central role for the stability in the region, a change of generation and processes of renewal are under way whose constructive outcome lies in Europe's immediate interest. A strategy of direct neighbourhood that combines the *ostpolitik* and the policy towards the Mediterranean and the Middle East pursued by the European Union and its members will prove an important contribution of Europe in terms of global politics. The priority of European politics ought to be to maintain peace, promote political stability and support co-operative political leaderships around the enlarged EU – hence chances will emerge that unfold actual stimuli to co-operate with Europe: trade, development and political modernisation.

a strategy of "direct neighbourhood"

The challenge of robust peace keeping

The latest Yugoslav war has cruelly demonstrated the inherent fractures of the patchwork of the European security architecture developed after the Cold War: without a formal mandate of the UN Security Council, NATO had to intervene and legitimise its policy primarily with humanitarian grounds. Whilst the only legitimate international institution involved in crisis management was blocked due to Russian and Chinese resistance, regional security bodies, such as the OSCE or the Balkans Contact Group, were unable to provide adequate compensation. At the same time, the story of the NATO operation reads like a demonstration of a growing rift between the military possibilities of the United States and its European allies. Europe's rank as strategic partner in the western world is on the wane.

The real challenge to Europe's peace-making capability lies, however, in the effect the aforementioned weakness has on European foreign and security policy itself. The credibility of European crisis prevention and peace policy dwindles to the extent to which Europeans themselves do not succeed in maintaining European values and interests, restoring peace and providing the integrity of humane political orders. Thus the military incapacity to act simultaneously weakens the resources

European politics has in terms of trade and development policy and discredits the normative preconditions of the integration policy in which particular importance is given to the peaceful balance of interests.

developing the EU‘s capacity to react to crises

Against this background the merging of the Western European Union into the EU and the development of the capacity to react to crises in Europe is a key issue of European politics. Its implications go far beyond the designation of the instruments available in Europe and the complementary infra-structural programmes: the EU’s capacity for security-policy and military analysis and planning is the only means to bring all fundamental dimensions of conflict resolution together in one European institution. Moreover, developing a common security and defence component creates the necessary political framework of an efficient armament structure by reducing the enormous amount of duplication among the European states. In addition, it supports the technological and industrial basis of military security provisions in Europe. In the medium term, this development can change the power hierarchy and the leadership culture of the Atlantic Alliance. In contrast to some of the presently perceptible reservations on the side of the Americans this change would also do justice to American interests. In consequence of the European ambitions, firstly, burdens would be shared in a more balanced way. Secondly, American crisis intervention would be strategically relieved. And thirdly, NATO’s joint capacity to act would be strengthened. Europe’s capacity to act ultimately permits to react to crises in a differentiated manner and could thus circumvent the resistance of those actors in global politics who consider the mere indispensability of American action a challenge to their interests.

flexibility for the security and defence policy

By intensifying a policy of direct neighbourhood and developing a military capacity for Europe the Europeans complete the instruments of their foreign and security policy. Both issues will reflect on already existing structures. Thus the fragmented foreign-policy representation of European interests, which has not been done away with in the Nice Treaty, appears to be increasingly anachronistic. In addition, the attempts at combining national and European instruments of co-operation in development policy are unsatisfactory. Planning and decision-making processes for a world policy on the EU level would also have to be further developed – but the deficits are already starting when it comes to rearranging the responsibilities within the European Commission, continue in the position of the Secretary-General of the Council for Crisis Management and in the competition among the different co-ordination bodies of the member states, and go on to the delimitation of the division of labour between the European level and the member states’ policy. Reinforced co-operation in the field of foreign and security policy would have to be applied to a much higher extent than fixed in the Nice Treaty. In years to come, this could be the only possible way to overcome these deficits and offer "coalitions of the willing" a

chance further to develop the EU's responsibility and its role in global politics.

The development of strategic thinking in foreign policy will here be of major importance. Without this, protection of global-policy interests will not be possible. The regionally oriented sensor of European politics must be complemented in terms of global politics and requires sensitiveness for the future power shifts, actor constellations and problems outside the European continent. European politics should also focus on combining and harmoniously applying the different activities – economy and trade, development and co-operation, foreign policy and security.

V.

Europe needs the public debate

In times of border abolishment and redefinition, in which Europe moves towards completion, there is a particular need for the cohesion of both the people and the states of the European Union. Structuring Economic and Monetary Union, reforming the political system, accepting other states and renewing the EU's international role

- requires a clarification of the aims and principles of social solidarity;
- calls for a new agreement on the division of tasks;
- demands a redefinition of cohesion and social balance in Europe;
- and requires the will for joint action.

Europe will maintain the vitality of European nations and the creative multitude of its cultures, if the principles of nation and integration and people's ethnic, regional, national and European points of reference can be conveyed as complementary layers of the European citizens' identity.

It would seem to make sense to pursue new ways of making decisions about these fundamental questions, and not only to work them off by negotiating positions in Intergovernmental Conferences and in treaties. A public dialogue and the participation of many is required in order to shape the future during this crucial phase of integration. The deliberations of a Reflection Group before the start of the Intergovernmental Conference on the Amsterdam Treaty, the Report of the Three Wise Men in the run-up to the last Intergovernmental Conference, and the establishment of a Convention to draw up the Charter of Fundamental Rights – each of these examples represents an attempt to complement the classical negotiating diplomacy of governments, to initiate a debate, to gain the attention of the

public, and to integrate specialist knowledge in parliaments, the academic world, and social groups. In this respect the clarification of the European Social Model needs to promote social dialogue on the European level and to exploit the potential of the social partners.

Now as before, reform results will have to be fixed in amendments to treaties – but this should be the conclusion of debates on Europe rather than the beginning. Intergovernmental Conferences, in which, ultimately, the member states make the political decisions, would then not replace, but summarise, the reform debate. The year 2001 should become a year of public debate on the competency structure and the Europe's fundamental political order. This should not only be borne by the governments, but also by opinion leaders, parliaments, interest groups and associations. Thus the instrument offered by the Convention to draw up the Charter of Fundamental Rights could be utilised whereas the question of the allocation of powers might suitably be dealt with by experts. An inter-parliamentary commission could be established to clarify the role of the national parliaments. In 2003, a reflection group built from government and parliament representatives could combine the debates and proposals and prepare them to be treated within the framework of a new Intergovernmental Conference in 2004.

a new concept for advancing the EU

The future members ought to be integrated into this process. The accession negotiations with the most progressive states could be finished in 2002 so that some states were allowed to join the Union and claim seat and vote in the next Intergovernmental Conference. The public debates and expert hearings of the following two years should, therefore, integrate all states negotiating for accession. Those who will accede to the EU at the time of the Intergovernmental Conference could then formally join the preparatory stage of the Intergovernmental Conference.

Europe's policy-makers must look to the future. Completing and developing the unity of the continent, and creating the grand European Union, will not happen by itself: the resolution of old conflicts, the reconstruction of European solidarity, the peaceful development of the region and the assertion of Europe's interests in the world of tomorrow require political leadership. At a time when the unifying idea of the opportunities offered by Europe appears to have weakened, a sense of orientation and leadership can only be created by joint action. The future European Union therefore needs the willingness and ability of its members to take action in order to remain capable of action itself; it requires the room for manoeuvre provided by a differentiated structure so that the various degrees of ambition and levels of resources of the different nations can be utilised to the benefit of Europe. And it needs to open up its structures so that political leadership can settle on European tasks and roles.

Hitherto, the European Union has developed without engaging in a clear-cut political debate. However, integration has now reached a point where a discussion of the basic questions of

cohesion has become absolutely essential. What Europe ought to achieve, how its constitutional order should be structured, what people expect, and what holds Europe's societies together – credible answers to these questions are the key to the future of Europe.