The British Council

Prague Castle Conference

Rethinking Europe

Europe

6–8 September 2001

ÚSTAV MEZINÁRODNÍCH VZTAHŮ
INSTITUTE OF INTERNATIONAL RELATIONS

The Foreign Policy Centre

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Under the patronage of Václav Havel,

President of the Czech Republic

and Tony Blair, Prime Minister

of the United Kingdom of Great

Britain and Northern Ireland.

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Introduction

The future of Europe has never been more open. Enlargement, the euro, the developing security and defence identity and the ambitious targets set for economic reform and social cohesion at Lisbon show a continent that is undergoing more ambitious and extensive projects than ever before. But the growing disengagement from European and national political institutions, the ageing population and the challenges it poses for welfare and labour markets; the cross-border challenges of climate change, international crime and drugs; and the failure to keep up with the US and Japan on research and training show how much Europe needs to change if it is going to carry on delivering benefits for its citizens and member states.

We need to reflect, like never before, on what European values and what structures will allow us to thrive in this new age. Since 1989, we have all been returning to Europe and relearning how to be European. For existing member states the centrality of dialogue with applicant countries as the focus of EU enlargement is often forgotten. And for applicant countries there is often a reluctance to get involved in debates about the future of the continent for fear of saying things that will get held against them in the accession process. Their voice is not heard on many of the broader issues of EU reform.

This pamphlet is designed to rectify these two failures. Two think tanks, one British, one Czech, have got together to write a pamphlet on the future of the EU. In our two essays we set out a picture of a Europe quite different both from traditional nation states and from international organisations. We both believe that the legitimacy question is one of the defining questions for Europe today. But any attempt to construct a top-down model of democratic legitimacy from above that relies on purely representative models of democracy will fail to inspire the loyalty that Europe needs. Europe needs to find ways of engaging civil society and showing how it adds value rather than appearing like a remote 'superstate' in construction. This is what drives us both to define a new conception of subsidiarity. The challenge is to inspire and deliver. An aspirational Europe should tap into European identity and European values – solidarity, the social market, the environment, democracy, and multilateral rather than unilateral solutions – to give citizens a rich sense of our European future. But these aspirations need to be tied to specific deliverables because a failure to deliver on citizen's expectations will lead to serious legitimacy problems.

The differences that emerge from our two essays do more to reflect our recent history and culture than any difference in aspirations. The Czech desire for a written constitution and a full catalogue of competencies to cover the whole spectrum of subsidiarity levels stems from the experience of living under a predatory state. The British emphasis on delivery and experimenting with new forms of democracy is also shaped by domestic experience: the success of our unwritten constitution and the extensive constitutional reforms of the last couple of years.

This agenda is unfolding before our eyes. These two essays show how open it is, how much can be gained from collaboration, dialogue and exchange between British and Czech societies. This is a debate which is poignant and vital for our two societies because we are both – in different ways – rediscovering our European identity. The Czech Republic is confidently finding its place at the heart of Europe after half a century of brutal dislocation. Meanwhile Britain is re-establishing its role as a leading European country with a positive agenda, after many decades of ambivalence and deep Euroscepticism.

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Rethinking Europe

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Rethinking Europe

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'Without dreaming of a better Europe we shall never build a better Europe'
Vaclav Havel, 10 May 1990.

Europe's founding fathers had a vision of peace, prosperity and democracy – which against the odds they achieved. Achievements such as the single market, European Monetary Union, political co-operation, and a common foreign and security policy have been realized, and it is amazing that we have got as far as we have.

But the very success of the European Union has derailed the traditional European project of Ever Closer Union – people realize that they can have all these benefits without building a federal state. And today we face challenges that the founders never dreamt of: an ageing population and the challenges this poses for welfare and labour markets; the cross-border challenges of climate change, international crime and drugs; and the failure to keep up with the US and Japan on research and training.

The Europe which we have inherited is not equipped to tackle the problems we face. Because of its history, the EU often seems to be most integrated in the areas that are least appropriate. It is no longer able to deliver on the aspirations and expectation of Europeans:

• The core projects in the history of European integration – the Coal and Steel Community, Euratom or the CAP – are redundant.

• The EU doesn't have the capacity to deal with new challenges such as Kosovo, organized crime, and the environment.

• A political system that was adequate for dealing with technical issues does not give us the capacity to engage in the major debates about values and socio-economic priorities that we need to have today.

The gulf between these aspirations and the reality of Europe is at the heart of its legitimacy problems. This is more damaging than any formal democratic deficit.

Uprooting national practices and re-imposing them at European level, as Joschka Fischer suggested, will not deliver these services in a legitimate manner. Democracy is itself changing: turn-out in elections is falling across the EU, cynicism with mainstream politics is on the rise, and all representative forms of government are struggling to connect. By demanding the same standard of legitimacy for EU institutions as for national governments – even though it has few of the functions of states like raising direct taxes or armies – Fischer plays into sceptic hands by making EU democracy a threat to national democracy. He is drawing precisely the wrong lessons from the past.

And yet this question, what Europe does, is the most important question of all. Its constitutional form, for most people, is only important insofar as it leads to action and results for Europe's citizens. Europe is there to deliver certain services to its stakeholders that national government, acting alone and unilaterally, is unable to provide.

It is time to turn the debate about democracy in Europe on its head and look not just at how national parliaments can help legitimate the EU, but also at how Europe can help plug the national democratic deficit[1]. We must start to understand the new form of democracy, 'network democracy', that has developed in the EU. We must start to deliver policies and retool institutions so that they refer to this model, not the standard representative model that works at the national level.

The federalist philosophy is that the establishment of institutions, and the conferring of power on them, automatically demands interest and respect from electors who want to know how they are governed. We can see this at a number of stages in the history of Europe:

- **The establishment of the European Parliament to provide a direct link between electors and government.** But despite increased powers in 1991 and 1996, turnouts have kept on falling in European Parliament elections. In 1999, turnout across the EU dipped below 50 % for the first time and under 25 % in the United Kingdom.

- **The establishment of the Committee of the Regions and the Economic and Social Committee** was supposed to connect the EU more closely to, respectively, regional government and to the non-governmental and business sectors. But 55 % of people haven't heard of the former, and 64 % don't know about the latter.

- **Transnational political parties, transnational NGOs and interest groups have been established by funding through the European Commission.** But this 'top down' structure has not led to a genuine sense of political participation.

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[1] *Anthony Giddens makes this point powerfully in his chapter in 'The Future Shape of Europe' edited by Mark Leonard (The Foreign Policy Centre 2000).*

These are all instances of a formal political structure, replicating that at national level, being created from above. The failure of this vision is that, while the European political space is replete with politicians and structures, it completely lacks a political debate. Arguments at an EU level are artificially forced into contests on national interest or a tussle between those who want more or less integration. This might have been appropriate when the EU was in its infancy with new structures being created or policy discussions about highly technical issues such as lawn-mower sound emissions. But today there are a host of issues defined by values or socio-economic priorities that cut across the national interest and questions of integration. These include immigration and asylum, the environment and enlargement, and they demand to be dealt with in a political way. Unless the EU manages to host wide ranging debates on these issues, the structures that are developed will be too brittle to exist in the long-term.

But European politics lacks the activist who will knock on doors or put leaflets through letterboxes in the service of the cause; it lacks the knowledge of how to make the European political narrative interesting and exciting to the electors; and it lacks the networks of interest that give impetus to the structures and allow them to alter to fit the changing needs and desires of the electorate. To invent European politics we have to allow these informal networks to flourish, and plug them into the formal system of politics at a national and European level.

This essay will try to show this can be done. It will be structured around the three biggest legitimacy challenges confronting the European Union.

- **A lack of vision.** The EU has been bogged down in bureaucratic politics and has rarely set out priorities capable of inspiring allegiance or even a political debate. Even historic projects like enlargement or the single currency are often reduced to technical wrangles over convergence criteria or structural funds. This essay shows that the EU needs to reflect the *aspirations* of its citizens, and shows how they can provide a political framework for policy development and reform.

- **A lack of efficiency.** Nothing has done the EU more damage than its failure to deliver key things that Europeans expect from it. This relates both to policy areas where it lacks capacity such as its failure to do anything about the break-up of former Yugoslavia; and areas where it has managed things *inefficiently* or corruptly. This essay puts forward a system that rewards efficiency, distributes policy competences effectively, and provides the information that people need to feel engaged in the process.

- **A lack of participation.** It is very difficult for the major political debates facing our continent to be discussed or explored in public and political debate. This is threatening the long-term viability of the EU. This essay proposes a conception of *network democracy* which retools the democratic institutions so that they can link the informal with the formal, the national with the European, and give citizens the information they need to operate effectively across frontiers.

I. An Aspirational Europe

The European Union is too often bound up in legal and technical wrangles rather than a concern for the big picture. Even the Future of Europe debate often starts with the one question people can't agree on – what should the final institutional shape be? Instead we should start with the things we are trying to do together – and take these challenges as the basis. Aspirations are founded around communities of fate, which are bound together by the knowledge that they can deal with problems better together than apart.

- **Europe as a continent.** Europe is a geographical expression which we have come to associate with the history, culture, food and travel which we share within it. But this Europe does not correspond to the European Union. Half of the countries on the European continent are not members of the EU, including the countries whose self-proclaimed European identity is strongest (Poland and the Czech Republic); Some don't want to be members of the EU.

- **Europe of values.** We recognise that Europe is a community of values: democracy, openness, solidarity, tolerance, diversity, fairness, quality of life.

- **Europe of challenges.** We instinctively feel that some of the key threats to our security are bigger than the countries we live in. People across the EU want European rather than national action on drugs (72 %), foreign policy (68 %), the environment (64 %) and defence (50 %).

Enlargement will start to bring these different Europes together. The EU will cover much more of geographical Europe, and become more able to deal with the environment, drugs and organized crime – as long as we also grapple with the institutions to make them more effective. But, while the new members know why they are joining, the EU's existing citizens have no clear idea of what it is for any more. It is here that we can look across the Atlantic for inspiration.

Instead of pining after the United States' constitution, we should learn from the thing that has really held the country together – the aspirational dream which has inspired successive generations to improve their lot, united a mongrel country and always given the people a clear sense of the future. The EU on the other hand has never had a dream. Most of its money and energy is spent on the problems of the past rather than the challenges of the future: from the CAP which was designed to spread the burden of supporting an uncompetitive French agricultural community to the Lomé accords on development which were designed to spread the British post-colonial burden. Instead of seeing the EU as a dumping ground for unpopular or technocratic policies, the leaders of Europe need to set out a story that makes sense of what the EU stands for. We can use this shared understanding of what Europe is about to construct a new narrative, a 'European Dream' which:

- Delivers the popular legitimacy which a strong Europe requires by giving European citizens a sense of what Europe is, and what it's for.

- Charts a clear sense of direction for reform of national and EU institutions as they take on new challenges (Globalization, ageing populations, multicultural populations, enlargement, EMU, crime, drugs and thugs).

- Gives applicant countries a sense of what standards (democracy, minority protection, compromise, competition) they will have to live up to.

- Refutes the European nightmares of our past and present (war, homogeneity, superstate, lack of direction, inability to act, corruption, inefficiency).

The Union has never defined itself as a dream. Its aspirations have been couched in procedures. The core principle of the Treaty of Rome is 'to lay the foundations of an ever closer Union among the peoples of Europe', implying that integration was worth having for its own sake rather than for the benefits it brings. This pattern has defined the major initiatives of the last thirty years. *The Single European Act* set itself to remove non-tariff barriers while *Maastricht* was about creating Monetary Union. *Successive enlargements* in the 70s, 80s and 90s, were seen in terms of breaking down more barriers rather than in terms of improving Europe's capacity to deliver benefits. Given that only 26 % of people, according to the last Eurobarometer survey, see future enlargement of the European Union as a priority – despite the number of high-profile speeches made by political leaders – the limitations of this approach to enlargement can be seen. The same issues applied to the 2000 IGC, where talk was about how the European Union would not work with 28 members. The implication was that the only final destination which was important was Europe itself.

The Lisbon Summit in March 2000 represented a turning point. The EU very deliberately focused on outcomes rather than procedural fine-tuning. The aim was set to become 'the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion by the year 2010'. Member states took on commitments to liberalization, to deregulation and to implementation within certain time limits: for example, the commitment to connect every school in the European Union to the Internet by 2002. They agreed to hold a dedicated employment and innovation summit every spring where governments will be judged for their success or failure with regard to these criteria.

By thinking in terms of goals, we can escape the fruitless deadlock of the constitutional debate. This paves the way for the EU to become a common policy space – a learning experience for governments where reform is driven by peer review and good practice. These goals can develop into a mission statement for the EU that is not legalistic or formalistic, but is *aspirational*. These

aspirations can be continually updated as the EU achieves its goals, and can act as a dynamic prelude to the institutional arrangements outlined in the Treaty of Rome. Far better than the current preamble with its focus on Ever Closer Union.

We must encourage the European Council, when it meets at Laeken in December, to sign up to an 'Charter of Principles and Aspirations', not a 'Charter of Competences'. This should state, in measurable and defined targets, exactly what the processes of European competition, European co-ordination and European integration can help national governments achieve.

II. Effectiveness: A Europe that delivers for its citizens

Important though it is, setting fine aims is not enough. Europe also has to deliver for its citizens. The new process of open co-ordination, enlargement and the debate over the future shape of Europe will only work if they leave the realm of rhetoric and start to achieve respect, from stakeholders, policymakers and from other countries, for the effectiveness with which they deliver the specified goals. The EU mechanisms have to supply, and show that they are supplying, a significant added value to policies that might be mediated at national level.

The problem is that sceptics tend to see the EU as a one-tooled organization, with the European Commission as an EU government-in-waiting, and the European Parliament as a federal Parliament. In fact, the EU has a wide variety of methods for delivering its policies. The jargon that is always used only strengthens this impression: to the uninitiated, it is unclear what co-decision, QMV or comitology are, or which 'crumbling edifice' is being held up grudgingly by the Second and Third Pillars.

The Community method, relying on proposals being brought forward by the Commission, evaluated by the Parliament and judged by the Council, is unusually effective, and has led to the European Union's most impressive achievement in the construction of the Single Market. This has only been possible because of the innovative legal framework the EU has developed, by giving a supranational authority the power to take initiatives and propose legislation that, subject to agreement in the Council, is binding on the member states. In areas where QMV and co-decision apply those member states do not even have the option of exercising a veto. It is a very effective way of making legislation.

However, in legitimacy terms, it is almost *too* effective. The process is technocratic, rooted in the traditional norms of diplomacy, and carried out behind closed doors, with the result that it appears as though legislation just appears from nowhere as a *fait accompli*. This impression is not helped by the tendency of national ministers to complain of their hands being tied within European negotiations, and to deny their own involvement in agreeing these directives.

What is needed is a way of corresponding the Community method with other ways of getting things done at European level, especially where these happen in similar areas to where the Community method applies (in effect, in most areas other than security and defence policy).

There are three other ways that European states, acting together, can get things done:

• by allowing and encouraging *policy competition*, so that performance by one government in a given field is constantly measured against performance in another field.

• by making use of effective *policy co-ordination*, where governments agree to share best practice to help each other reach the necessary standards to achieve a goal.

• By giving a European-level agency powers of *policy implementation*, which is managed at a supranational level.

Taking these together with the Community method, which we can call 'policy harmonization', they form a 'ladder' of four ways in which Europe can add value to a given policy or policy area. They are complementary rather than competitive. In an age where more and more policies need to be implemented at different levels of government, it is both impossible and undesirable to draw up a catalogue of competences which hands out functional powers exclusively to individual layers of government. How a given issue is managed at European level should depend both on how politically salient it is (does it refer to different visions of state regulation or state delivery that are best mediated through national political debates?) and on how effective different methods have been in the past at reaching the aspirations attached to that issue area.

This should be related to a *'Charter of Principles and Aspirations'*, which should replace the obscure references to 'Ever Closer Union' with an explanation of which tools should be used for each policy area and how they can move between each method. This should make clear:

• That the European Union has no inherent powers. It only exercises the powers which are delegated to it by member states. These powers are held in trust and can be reclaimed if the European Union is not seen to deliver.

• That the European Union does not have exclusive control over any policy areas and that a European policy in a given area does not replace national policy.

• That powers will be exercised at the lowest level that is efficient.

• That the European Union operates on the rule of law and many of the advantages, such as the single market, are enshrined in EU law which is agreed by and binding on members states.

- That the European Union must 'earn the right to act' in any particular area by meeting outcomes set by member states.

- That all European Union policies must be subject to democratic and independent scrutiny to ensure that they are being exercised at the right level and that they are delivering effective results

Policy competition: the power of the European average

Historically diversity has been Europe's strongest asset. One reason for the continent's success has been the difference between states, and the urge to do better than neighbours. Fostering a progressive culture of policy competition is important to drive innovation. But too often the European Union has been used as a forum to avoid competition between governments. One powerful example came during the fuel crisis, when the French government proposed the harmonization of fuel tax to prevent harmful comparisons being made between different levels of tax in different states.

But rather than allowing governments to evade responsibility for their actions, the European Union should be about promoting healthy competition and encouraging governments to deliver services more effectively. One of the reasons that centre-left governments have been uneasy about this is that attention has focused predominantly on taxes and raised the prospect of a Dutch auction. This competition is set to increase dramatically next year with the introduction of the euro as notes and coins. This will stop governments and companies from hiding behind currency differences to avoid public scrutiny of their policies.

The key challenge is to harness these forces of competition to improve performance across the range of government policy. This is already beginning to happen in an organic way. After a succession of figures were released to show that British health spending was lower than in any other European country, Tony Blair made a pledge in January 2000 to raise British health spending as a proportion of GDP to European average levels by the end of the next parliament.

Already, Eurostat and the statistical services of the Commission produce league tables and figures on indicators ranging from childcare provision to average prison population. Taken together, these describe the median values of European states. They show the outcomes of fifteen separate processes of making taxation/spending tradeoffs and highlight the areas of success and failure around the EU. By developing, and publishing, a package of league tables and average figures that relate closely to Europe's aspirations, we can develop a *flexible* way of identifying what Europe is, and where individual member states are falling down in their own policy development.

This can be done in a way which illustrates the links between different policies. *League tables* can help turn policy competition into a positive sum game, where each government, and civil society in each country, and indeed the political process in each member state, is continually being judged

against its equivalents elsewhere. It can create a culture where policymakers are striving, always, to do a little better at delivering the services, and making the tradeoffs, demanded by their electorates.

Policy co-ordination: Achieving shared goals

By setting shared objectives, governments can set standards for effectiveness that are then implemented throughout the governance system. This model of policy co-ordination or *government by objectives* has many advantages. It is not threatening to national identities because it locates political authority at the most accountable level – in the European Council consisting of the heads of European government. It provides the flexibility for each state to implement measures in its own way, taking advantage of national cultures and practices, and reporting back both upwards to the European Council and downwards to the electorate. Because it does not involve regulation, it makes it possible to include accession countries and the wider Europe. One of the big missed opportunities of the Lisbon process is that the doors have not been opened to accession countries.

Though it has mainly been used for economic reform, there are many areas where government by objectives can provide a useful model for updating Europe's structures and resolving some of the overpoliticised tangles in the system – from anti-discrimination and values through to social inclusion and welfare reform. There are, however, a number of potential problems with the way government by objectives has been implemented.

- **Vaguely worded objectives.** There is a danger that governments will specify lowest common denominator objectives that are easy to achieve and therefore valueless. One way to make the objectives tighter is to invest a certain degree of national pride in them: the presidency of the Council, both autumn and spring, should each be able to nominate one objective, related to a particular piece of good practice pioneered within their administration, for the European Council to discuss adding to the aspirational constitution. These objectives should all be timed on a ten-year timespan which will also ensure more continuity between presidencies.

- **Evaluation by peers rather than public or by independent auditors.** In European Councils, there are always trade-offs such as the soft-pedalling on electricity and gas liberalisation at Stockholm. If the main source of criticism is from the peer group, it is difficult to subject each country's performance to scrutiny. Lisbon went some of the way towards resolving this problem by *making the objectives public*: civil society groups were able to analyze progress and compose lists of 'heroes and villains'. But this was dependent on chance: on bodies having the time and money to achieve this. There are two ways to reform this: first, to give resources to civil society bodies, working in related fields, to produce analyses of progress under each of the Lisbon/Stockholm objectives in the public sphere; and second, to give more of a role to the Court of Auditors, as an independent body at EU level, in evaluating how far governments are achieving the objectives they have set for themselves.

The European Parliament could profitably be involved in this process, as could the proposed second chamber of national parliamentarians. Another possibility is to outsource the monitoring of each objective to a separate, single national administration, and allow the Court of auditors to make assessments of each national administration's performance in this field.

- **The culture of summitry.** One of the reasons that summits have always been seen as a positive part of the EU decision making process is their capacity to socialize. However, this very socialization, as well as the tight decision making deadlines, often leads to package deals, and a culture which says: we'll go easy on you on this objective if you will allow us to put forward this directive. There is also a tendency for the General Affairs Council to shelve difficult issues in the run up to a summit so that they can be dealt with by the heads of state meeting in the Summit. This plethora of difficult decisions makes package deals easier for the Presidency to mediate. The solution to this problem is that objectives should stand independent, and be disaggregated from the rest of the EU decision making process; the Spring Summit should be named the 'Aspiration summit'. The focus should be exclusively on targets, and the summits must avoid discussing legislative issues and inviting foreign statesmen, however recent their election.

Policy execution

As well as acting as regulators, the European Union institutions have also been charged with executing major projects on behalf of the member states. This is either through 'project management', such as the Commission's role in operating the development budget, the Common Agricultural Policy or the structural funds; or through independent agencies, such as the European Central Bank, which is deputed to set interest rates for the whole Eurozone.

The Commission's lack of accountability in these areas has become a real problem. Despite the increasing role of the European Parliament in holding Commissioners to account for the administration of these funds, and the Kinnock reform process, there is still a distinct lack of confidence in the future.

In order to restore confidence we need to consider how Commission performance in these areas can be openly assessed. One solution is to link budgetary programmes to *clear objectives* and *sunset clauses.* When the programmes are agreed, in the seven-yearly budget rounds, specific objectives should be set for EU action in each of these fields. Where the European Union fails to live up to these targets, the whole or part-repatriation of these budgets should be considered, or their outsourcing to other agencies.

Earning the right to act

These four methods can be linked, through the setting of objectives and the imposition of sunset clauses, to a dynamic vision of subsidiarity where the European Union has to earn the 'right to act' in each area where it operates by proving that it is delivering effective results.

For example, development aid was granted to the Commission to implement in 1986. Few would argue that the Commission has used this budget well: it takes an average of four years to deliver aid to victims of global disasters. The thinking behind this original decision was clear enough: a larger development budget, with political direction, is a more effective development budget; uncoordinated development policy between fifteen states is always going to be less effective than co-ordinated management of this policy. But while the principle remains true, the outcomes have not lived up to expectations. There should be a dynamic review process, whereby policies and budgets such as this, if managed badly, can be rethought, and if necessary returned to the European Council to work out how that budget can best be implemented.

Policies can start in one area, by trying to utilize policy competition, for example. If this fails to deliver the required aspirations, the policy area can be put onto the agenda of the Aspiration Summit in a process of policy co-ordination. If this fails to work, the policy might need to be forced through using a directive drawn up by the Commission.

These other methods allow us to specify when the traditional community method should be used:

• where the transaction costs of policy competition or cooperation are so high that they will get in the way of effective results

• where issues are politically uncontentious, and the need is to get the legislation through the system as speedily as possible (e.g. in regulating the sweetness of tomato paste for single market reasons)

• where a political debate has already been held in the member states, and the directive method is agreed as the most effective way of implementing this shared aim.

This could be decided on a case by case basis using something like the following procedure:

• On a yearly basis, aspirations should be expressed publicly by the European Council, rather than the Commission, as an annual work programme.

• They should be linked to specific outcomes and outcome commitments by the member states

• They should be debated nationally, within and outside national and regional Parliaments, before becoming binding directives agreed on at European level.

• Only then should a directive be drawn up and issued by the Commission.

By allowing policies to move between different steps on the ladder, it allows for policies that do not work to be assessed every six years; it also solves the subsidiarity problem, by ensuring that if mistakes are made, or if given aims are not achieved, all processes are reversible and can be operated at the most effective level possible.

This avoids a common problem: that the process of achieving harmonisation agreements at European level is so tortuous that stakeholders prefer to avoid going through it again, even at the cost of a bad policy. The perfect example is the CAP. This had the original aspiration, which is laudable enough, of developing a common market in agriculture by 1968. However, once the policy was being implemented at supranational level, it became bound up with many other issues such as the Franco-German relationship, where France profits from the CAP and Germany pays into it. As such, despite a near-consensus among many member states for more than ten years that it needs radical reform, it has remained unreformed, inefficient, stifling competitiveness, stifling entrepreneurship and blocking free trade in agriculture. By locating policy in an area that is not subject to discussion, it has also prevented many member states from being able to have open debates about the future of the countryside in that country[2].

The CAP is a good example of how policies have to be adaptable to changing climates of opinion around them. A dynamic vision of subsidiarity, and sensible use of outcome-driven sunset clauses, will allow this to happen.

There are various solutions that have been proposed as to how this kind of distribution of competences might be managed. In his Warsaw Speech, Tony Blair suggested a second chamber of national parliaments; it might even be appropriate for the Court of Auditors to take the primary role in overseeing this process. In any case, the process of arbitrating needs to be linked to the democratic process at both national and European level.

III. 'Network democracy':
A new conception of the European political space

To solve the democratic deficit both in the European Union and within the nation states we need a new approach to democracy as well as a new approach to Europe. We need to stop thinking of the EU in terms of an eventual national-style democracy, and conceptualize it as an entirely different sort of political space. Over the last few years – while the European Parliament and transnational federations signally failed to connect – a number of political movements have appeared spontaneously and had the ability to inspire and engage the public.

[2] *See Chris Haskins, The Future of European Rural Communities, The Foreign Policy Centre (forthcoming)*

The key challenge is to create a real policy space on European issues – without imposing illegitimate political bodies which emasculate our national political systems. Instead of seeing EU politics as a bolt-on extra that can be confined to the European Parliament, we need to ensure that the political debate runs through all the EU institutions and member states. This will make a real break with a tradition that has seen political argument dominated by technicalities or inter-institutional rivalry rather than strategic questions. One powerful way would be to link up formal with informal politics and reinvent representation so that it is capable of delivering competition between policies. The last section showed how this new political system will depend on an aspirational framework set by elected leaders and a focus on delivery at national and EU level. This section explores the other two elements:

• Better links between national and European politics

• Better links between formal and informal politics

Linking national and European politics

Each of the EU institutions can be retooled to make a better link between the European and national agendas.

The biggest challenge is reforming the *European Council* so that it can give political direction to the whole EU system – and create the clear objectives and aspirations that we need if we are going to succeed. The European Council is the EU institution with the most power and legitimacy because it contains Europe's best-known and most powerful political leaders. But it is also the institution which is most closed; most bogged-down in horse-trading and most prone to commit infringements on subsidiarity. We will need some institutional changes to make it more strategic and accountable such as replacing the six monthly rotating Presidency with one that can deliver leadership for a longer period of time. We will also need to create a back-up for the Council in the form of a new Council of Europe Ministers with deputy PM status who would meet monthly in Brussels and co-ordinate the work of the different Councils of Ministers to ensure that a strategic agenda is being followed through. Accountability could be strengthened by televising meetings of the Council when it is acting as a legislature and improving domestic scrutiny of its activities by learning from the example of the Danish Folketing. But the biggest change will be cultural: focusing on the big picture and providing leadership rather than getting sucked into the minutiae of day-to-day package deals.

The *European Parliament* was meant to close the EU's democratic deficit, but its weak roots at a local level mean that it suffers from a democratic deficit of its own. It is a unique experiment in transnational democracy, but it is continually set up to fail by endowing it with unfair expectations which both conceal the excellent work the parliament already does, and

stop it playing to its strengths in the future. Because it does not elect a government or propose legislation it will not be able to fulfil the same role within the European system as national parliaments do domestically. Its twelve full plenary weeks are based on this false premise and are little more than grandstanding exercises in transnational tedium. The main focus of the Parliament is on its work in committees, where legislation is polished, the budget is controlled and petitions are answered. It might be worth considering formalising this process and replacing the plenary sessions with a single annual plenary to discuss the EU's aspirations.

Legislation that is being discussed at European level should be attached to the *national parliamentary process*. Rather than electing all its members by direct election, half could be elected in this way. The other half could be nominated by national parties and party groups from the ranks of national and regional politicians. In this way it can be ensured that national experts in any given issue area are working on the issues at European level.

The *Commission* has the potential to play an important role in linking the national and European political space, but too often its members become detached from their national political debates. There are a number of mechanisms that could help build a deeper relationship between the Commission and national parliaments – both on the policy agenda and at a political level. Simon Hix has come up with an innovative solution for opening up a European political space by giving national parliaments a significant role in electing the Commission president[3]. On the policy side, a powerful way of increasing accountability would be to depute *national Commissioners* to report on the performance of member states at implementing aspirations to national parliaments. This would both give parliamentary assemblies a stake in the European political process ands make it more difficult for governments to hide behind Europe in developing unpopular policies. One final idea might be to adapt the Swedish idea of appointing a Minister for Democracy and appoint a *special European Commissioner for Democracy* with the role of ensuring that legislation, white papers and proposals passed by the College will be communicated to the public. This person could be charged with gathering best practice on developing forms of governance that are more responsible for citizens as well as overseeing the press and Internet services of the Commission.

Linking formal and informal politics

These solutions should help to make the European system have debates about strategic issues rather than wrangling about the institutional balance – and it should also help to join up the national debates about politics with European debates. But the growing gulf emerging between

[3]*See Engaging National Parliaments, by Simon Hix (Foreign Policy Centre, forthcoming)*

elected national representatives and the public means that any solution simply based around representation will not be enough to connect. This is particularly true of the European Union as it will never have a government which people can elect directly. That is why any attempt to increase accountability for the EU should examine how it can tap into the energy of civil society as well.

There have been a number of examples of informal European politics in operation over the past twelve months in Europe. Access to comparative European figures on prices, taxes, economic performance, social services has vastly increased accountability of national governments. The big danger of these political movements is that they pick issues off one by one and can have a distorting and negative effect on the agenda. The fuel crisis was one of the worst examples of misguided single issue politics that did not take the balance of taxation (between road, car and fuel tax) into account – let alone a trade-off between environmental and transport objectives.

But it could be tremendously empowering. The task of the centre-left is to transform European Governance into a progressive quest for the best hospitals, the finest schools, the most efficient supply-side policies. To do this we will need to find better ways of measuring the European average so that people can assess policies across the board and understand the trade-offs that need to be made rather than picking issues off one-at-a-time. This means that the democracy agenda must go far beyond institutional change – citizens will need to be equipped so that they can participate in the European process. Citizens need to be told what the EU is doing, and where the EU is effective. But they also need to be given the language and IT skills to follow debates and become full citizens.

These ideas constitute food for thought rather than a prescriptive analysis of the EU. They aim to point a way forward, in terms of conceptualizing the EU, which can resolve the problems with democracy, subsidiarity and effectiveness which dog the EU, especially as it prepares for enlargement: and, perhaps most importantly, they point a way forward for candidate countries and current member states alike in conceiving of a Europe on the brink of its greatest transformation to date.

Rethinking Europe

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Jiří Šedivý, Petr Drulák

After 1989, Europe entered a period of complex and multidimensional transformation. This period has been marked by a structural shift: on one hand, the regulatory institutions of the Cold War disintegrated in the East; on the other, the establishment of the EU with its internal market capped by the monetary union deepened the integration of the West. Therefore one could say that while the geopolitical changes have pulled Europe eastwards, its institutional space and centre of gravity has shifted westwards. Bridging the gap between the geopolitical and institutional realities has thus been the key task for post-Cold War Europe.

'Returning to Europe' was one of the most powerful slogans of the revolutions of 1989 as well as an engine of post-communist transformation. The effort of post-communist nations to join Western institutions and organisations has been at the core of this return. So far it might seem that this process has been a one-way street in terms of meeting the various entry criteria defined by Western institutions and importing and implementing their acquis. But this is only partly true.

The Czech philosopher Václav Bělohradský, in his dialogue with President Václav Havel about the European future of the Czech nation, rejected this generally accepted one-way interpretation of the slogan 'Return to Europe'. Instead he put forward the notion of an 'Excentric Europe'. This was caused by the shift of the European geostrategic centre of gravity outside the Old Continent as a consequence of the Cold War bipolarity. Cold War Europe was thus a semi-autonomous entity dependent on the external superpowers. The notion of an 'Excentric Europe' implies that the 'Return to Europe' is not only in the East to West direction, but being concentric, both from the East and the West. Thus, as Bělohradský continued, 'We all have been returning to Europe, learning to be European ... having difficulties getting used to the fact that Europe is whole again and that she must be responsible for her unity, even in military terms.'

A certain post-Cold War crisis of the sense of direction of European integration, the difficulties in the search for a common denominator of the EU's institutional setting, as well as for a coherent approach to the postcommunist candidates for EU membership, and, above all,

Europe's failure to cope effectively with crises and wars on its inner and outer periphery – these have been the most visible manifestations of this point.

Even though the need and the desire of Central European countries to return to Europe is obvious, the importance of an analogous process in the EU itself seems to be forgotten. The very fact that the institutional and societal embeddedness of western European integration was to a large extent a product of the Cold War must lead to the conclusion that the success of European integration in the 21st century is conditioned not only by a radical transformation in post-communist countries but also by a thorough reconsideration of the institutions and practices in so-called Western Europe. This does not mean that the current setting should be thrown aside; many proven institutions and practices should be kept for the future, but in some areas the post-Cold War condition opened the space for new and better ways of addressing the key issue of European order.

Despite – or perhaps due to – their totalitarian past, the Central European countries may have, in certain respects, a better position in the process of rethinking and remaking Europe. The events of 1989 brought about a deep self-reflection on the part of Central and Eastern European societies, leading to the rejection of the totalitarian order and to a thorough reconstruction of institutions and identities. Due to their historical situation, post-communist countries have entered the post-cold war era in a more reflective mood than their West European peers. The ability and willingness to change their societies almost from scratch provide clear evidence of the mood. This reflectivity widens the range of options for a future European order. As Yugoslavia showed, the breaking of totalitarian closure could be a double-edged sword and it would have been better if some of these options had remained closed. Nevertheless, the moment of radical self-reflection in 1989 makes current candidate countries less path-dependent and more open to a redefinition of Europe in the 21st century. The emerging European order should benefit both from the democratic and peaceful experience in the West, and from the openness to new ideas in the East.

I. Anamnesis

Where are we now?

Europe is not in crisis, as has been often suggested, but its original idea has been gradually exhausted, losing strength, appeal, and its mobilising ability. Paradoxically, this situation results from the enormous success of the integration project. The fundamental general objective of integration – to exclude violence and war as means of settling conflicts between integrating states – has been reached and taken for granted. Not only has the integration brought unprecedented peace and prosperity to Europe, it has brought about common institutions which

enjoy universal respect and whose decisions are obeyed. Nevertheless, a new debate in terms of rethinking Europe is needed. Europe and its integration project of today faces two kinds of challenges.

First, it has to deal with the same problems with which it has had to deal in the past and which kept reappearing at various stages of integration:

• Weakening of the Commission

Under the presidency of Jacques Delors, the Commission reached its peak in terms of credibility, influence and power. Since then it has been weakened in all three terms. The reasons were both personal and agenda-based. Jacques Santer's Commission resigned in March 1999 after a series of corruption affairs and allegations of mismanagement. The ESDP agenda, which has been one of the defining moments in the development of the EU since the end of the 90s, is strictly inter-governmental. The result is that national governments meeting in various formats in the Council are now driving the EU.

• Failure of Foreign Policy Co-ordination

The second pillar (the Common European Foreign and Security Policy) is still an empty shell. Europe as a whole was not able to address a number of crises on her periphery and in her vicinity: the European performance in Bosnia was not 'the hour of Europe' as heralded and expected by the Foreign Minister of Luxembourg, which presided over the EU in 1991; it became one of the most shameful European foreign and security policy failures after the Cold War. Furthermore, EU states differed on a number of situations in the 90s: besides the Balkans there was the question of how to cope with the genocide in Rwanda, the arms control and sanctions regime in dealing with Iraq, the policy in the Middle East, etc.

• Weak Public Support for the Integration Project

On the one hand, the traditional rationale of European integration, i.e. to bring and keep peace on the Old Continent, seems to be exhausted. On the other hand, the increasingly complex institutional and procedural labyrinth of the EU is less and less comprehensible to ordinary citizens. Transparency, democracy, solidarity and subsidiarity should be the pillars of the bridge that would span the widening gap between the EU and its citizens and enhance its legitimacy.

• Troubles in the Franco-German Relationship

The re-balancing of the Franco-German relationship began with the fall of the Wall and the re-unification of Germany. While Germany maintains its traditional strong pro-integrationist policy, France seems to be more ambiguous. As French Foreign Minister Hubert Védrine put it openly:

European integration has ceased to be an 'automatic multiplier of [French] influence'. Moreover, in the 90s there were divergences on many issues between the two countries: e.g. the German recognition of Croatia and Slovenia, French nuclear tests, different perceptions of the need to reform the EU´s Common Agricultural Policy, French resistance to the German 'stability pact' for Europe´s single currency, the dispute over who should govern the European Central Bank, different priorities as to EU enlargement, the re-weighting of votes in the EU Council, relations with the US and with Russia, etc. Above all, the two countries' visions of the European *finalité* appear rather different. Germany wants a more federal Europe. France seems to be increasingly nervous about the German federal scheme, preferring a more inter-governmental pattern managed by a *directoire* of the largest countries. On the positive side, there seems to be, at least since the EU summit in Amsterdam in 1997, a new Franco-German convergence on the identification and solution of the main problems facing the EU.

Secondly, and more importantly, Europe is also experiencing completely new shifts bringing irreversible changes to the Union as we know it. These shifts include

• Creation of a Common Currency

The common currency is rightly seen as an accomplishment of the single market and a vindication of the communitarian integration method. But given the fact that economic policy has usually been practised as a balanced mix of monetary and fiscal policies, the communitarisation of monetary policy within an independent European Central Bank, while leaving fiscal policy at national levels (relying on peer pressure for co-ordination) may lead to imbalances in the EU economy. On the other hand, centralisation of fiscal policy on the European level would be of even greater damage to the economy. Clearly, Europe with the common currency needs an innovative system of fiscal federalism (in terms of a progressive harmonisation of the EU´s economic policy) organised according to the subsidiarity principle.

• Development of European Security and Defence Policy (ESDP)

The harsh lessons of the wars of Yugoslav succession have had at least one positive impact: EU states, led by Britain and France, decided to create 'the capacity for autonomous action, backed up by credible military forces'. The capability-driven, bottom-up approach to the ESDP is a successful example of the benchmarking method. The headline goal is to establish a European rapid reaction force of 60 000 persons by the end of 2003. Nevertheless, the framework for the ESDP, the Common Security and Defence Policy (the EU's second pillar) remains underdeveloped. Also missing is a European strategic defence review – a common strategic analysis and outlook – that would eventually result in a European White Paper on defence.

• Eastern and Southern Enlargement

The EU will open its door to about a dozen states in the next ten to fifteen years. It will increase the Union's political, economic and cultural heterogeneity but, in the mid run at least, decrease its relative wealth. The six most probable candidates for the next wave of enlargement (those who began their accession talks in 1998) will swell the EU's population by 17 per cent while adding only about 3 per cent to its GDP. The EU's decision-making process will become even more complicated. The Union's borders will be extended towards zones of instability. Thus the question of where Europe ends will become more urgent than ever before.

• Challenges Related to Globalisation

Optimists see globalisation as the manifestation of the final triumph of international capitalism. It is expected to speed up technological progress, to help spread democracy and pull down the remaining walls around totalitarian societies, to enhance opportunities for the relief of global poverty, to give minority identities a chance at emancipation. Pessimists warn that the gains from globalisation will be far smaller and the detriment much greater. Benefits will be distributed unfairly within society, thus widening inequalities within and among societies. The dislocation of production caused by globalisation will create a large group of losers mostly among unskilled workers. The resulting social exclusion, pauperisation and fragmentation may undermine the foundations of the democratic state, challenging its very legitimacy. If not addressed properly, the resulting social turbulence may regress the integration process.

• Creation of a New Type of International Polity

On the one hand, European integration is a child of the Cold War and more generally of the Westphalian system of sovereign states. On the other hand, European integration transcends the framework in which it was started. Sovereign states are no longer the only building blocks of European order. The integration process, started by states, brought about new actors that in some areas overshadow them. But the way we are used to thinking of European order is still very much Westphalian: we tend to overestimate the role of national interests and national leaders while often neglecting institutional, regional and societal factors. We have to adjust our mindsets and roadmaps to the fact that Europe can no longer be conceptualised merely in terms of 'politics among nations' but must be dealt with as a polity of a new type.

II. Telos

What should the EU be?

In his study 'Platón a Evropa' [Plato and Europe] the Czech philosopher Jan Patočka identified the spiritual roots of Europe in the concept of the 'care of the soul' of the individual as well as society. This care is that which should transcend our everyday living, our material existence, which should make us better, truly human beings. Politically, Europe is rooted in the concept of *polis*. In its classical, ideal meaning, *polis* was viewed as a framework or a space within which the 'care of the soul' can be realised by individual citizens as well as the whole society.

We think that the unification of Europe cannot be successful without formulating that which transcends the everyday, technical content of the integration project. And where else should we start our search for a spiritual dimension of the project than in the ideals of the antique *polis* from which Europe has grown? One could contend that these ideals could be realised within the nation state. But most of the new challenges – political, social, economic, security, environmental etc. – of the post-industrial era of globalisation are too big for a single state to cope with. Progressive integration is the answer, but the sort of integration that goes beyond a mere technical scheme.

What then should be the transcending element of the European integration project, the ideal aim of the ever closer union of Europe, in short, its *telos*? We think that it should be the achievement of a truly European *polis* in terms of a society of free, responsible, tolerant and virtuous people bound by a common, forward-looking project and by a sense of mutual solidarity. A *polis* whose classical (and certainly much idealised) model established the ancient European tradition of the struggle for the cultivation of existence and thinking as well as the management of public affairs *(res publica)*, i.e. the tradition of philosophy and politics. Ideally, in the form of a European civil society, this will complete the technical, functional process of integration.

Having said this, we do not call for reproducing at a higher, European level the nation-state model based on the exclusive and quasi-absolute (Westphalian) concept of internal and external sovereignty. The modern, Westphalian framework provides us basically with just two options for the European future – Europe as a loose group of sovereign nation states and Europe as a sovereign European state. Both views are embedded in the Westphalian conviction that international relations include just one type of actor, namely sovereign states, who are defined by an exclusive control over their territories.

This framework presupposes that all the power and responsibility is concentrated in the hands of the state government that uses the ideology of nationalism to bolster its legitimacy. Nationalism aims at constructing an exclusive national identity generating loyalty to the political institutions of the state. The nationalist construction of identity works best when it is able to

raise the spectre of an outside enemy, usually in the shape of another nation, threatening the existence of the state in question. Thus the logic of the Westphalian system is inherently conflictual.

The modern Westphalian system can be seen as both hierarchic and anarchic. Its hierarchy consists in subordinating all political and societal actors to the sovereign state. But the relations between states are anarchic in the sense that there are no rules or authorities which the states would have to obey. Whether Europe would consist of a host of nation states or of one European state, it could not move beyond the exclusive identity construction, either in the shape of traditional nationalism or in the shape of a new European nationalism. Fortunately enough, the emerging European order points to a very different direction.

Europe seems headed for a system of diffused sovereignty where differentiated actors share a common network. This new type of polity is based on a system of overlapping jurisdictions, segmented authorities, multiple loyalties and multiple identities, the most suitable metaphor of which is the post-modern or neo-medieval polity, its distinguishing features being inclusiveness, democracy and transparency. The state survives but only as one among other types of actors. The polity includes a variety of supranational, intergovernmental, governmental, regional, trans-national and non-governmental elements that are not encompassed in any overall hierarchy.

The Westphalian hierarchy is challenged in the sense that in many issue areas the state does not enjoy its supreme position on top of the hierarchy. EU member states are obliged to respect the Commission's decisions on e.g. state aid to their industries, they do not have control of the monetary policy, they can be sued before the European Court of Justice by private companies, they can be sued by individuals even in the wider framework of the Council of Europe, some European regions have exclusive competencies in education (which used to be the main tool of the Westphalian identity construction), etc. On the other hand, the state still keeps the so-called *Kompetenz-Kompetenz*, which means that it is only the state which decides about the transfer of competencies onto new actors and that these transfers are at least theoretically reversible. There are also issue areas such as security and taxation where states keep their supreme position.

In the same vein, the Westphalian anarchy is marginalised by the European rule of law. The relations between states, and between other actors are subject to a complex body of European rules defining the rights and obligations of particular actors in particular issue areas. Thus even though the post-modern polity may seem to be more confusing than the Westphalian alternatives at the first glance, it presents in fact a more transparent and more principled kind of European order. The very fact that European rule-making cannot do without such bodies as the European Commission, the European Parliament and the European Court of Justice bears witness to the key role of supranational institutions in this issue area.

III. Polis

How should the EU work?

The EU has to combine the principles of democracy and efficiency in its management. There are a variety of paths of integration including both communitarian methods which have been behind most European successes and soft integration methods such as benchmarking or peer review which may open new areas to integration and which may prevail as durable solutions in some issue areas. The EU should stick to communitarian methods where they are applied and proved competent now but it should be open to the whole variety of methods and elements when dealing with new tasks.

The EU and its actors should embrace several interrelated principles:

• Transparency

There can be no legitimacy without transparency in terms of free access to information and institutional responsiveness. Transparency should be the principal pillar of the bridge that might span the democratic deficit gap in the EU. This bridge should be roofed by a comprehensive document that would outline the fundamental principles of the new European polity – a European constitution – which would be widely understandable so that, in Havel's words, 'European children could become familiar with it in schools'. It would increase the transparency of the project; the transparency that is so important for understanding a postmodern polity.

• Democracy

A truly democratic system has to respect the diversity of the new European polity. Even the EU of today has to find a middle ground between two clashing principles of democratic governance – civic democracy and international democracy. Whereas civic democracy, being based on the 'one man, one vote' principle, works well within the society of citizens, it would lead to a persistent marginalization of smaller countries in international society. That is why international democracy is based on a 'one country, one vote' principle. But a consistent application of international democracy as an exclusive yardstick of democratic decision-making would be far from just. Truly democratic governance has to merge both principles. Moreover, it will have to include other bodies of political identification such as regions and civil society actors.

• Solidarity

The model of a socially minded market economy is one of the specific features and values of the European political culture. Combining the market efficiency with the values of social justice it provided the grounds for the current prosperity and solidarity of West European countries. Its current rationale is derived from the awareness that you cannot heat just one

half of the room while leaving the other half in the cold. Solidarity is the most important ingredient in the glue of the EU cohesion as well as a powerful stimulus for the integration forces in candidate states. But solidarity should not be confined selfishly within the EU borders only. It should be also projected outside, in terms of foreign development assistance and humanitarian aid.

• Subsidiarity

The postmodern polity lives on several levels among which the competencies are distributed in a way that accommodates actors on each level with the activities they are best at. Even though the division between European, national, regional and local levels seems complete, a non-territorial basis of some actors (companies, civil society) requires a 'corporate' level that could provide for self-regulation in particular sectors. A full catalogue of competencies should be defined to cover the whole spectrum of subsidiarity levels.

• Internal Openness

No internal walls should be erected which would create exclusive clubs where others could not participate. Even though plans for hard cores or an avant-garde may be beneficial to the strengthening of the European rule of law, they must not create internal barriers that would lead to second or third class membership. The decisions on closer co-operation should therefore be kept subject to the review of the European institutions at least to the extent to which the review was introduced in Amsterdam and reiterated in Nice. Similarly, no internal walls should prevent citizens from prospective new member states from enjoying one of the fundamental Union freedoms of moving, studying and working in the whole of the EU once they join.

• External Openness

No 'fortress Europe' with impenetrable borders and autarkic instincts should be the result of the deeper integration we envisage. Europe has always benefited from being open to flows of people, ideas and goods. On the other hand, the empires which tried to hide behind closed walls always fell. Europe should realise that the more it opens its markets to competitive products from poorer countries the less it has to fear from immigration waves of desperate people from these countries. But even immigration on the scale that we witness nowadays should be seen as an opportunity rather than as a threat. It drives down labour costs of less qualified work, it motivates EU citizens to engage in life-long learning to make them fit for highly skilled jobs and it rejuvenates the age structure of EU societies. Only an open system can serve as a model for others thus becoming a 'bridgehead to a new model of global governance', as Anthony Giddens suggested. Europe should share its prosperity with others, not just because it is fair but because it pays off too.

• Institutions

European institutions guarantee the European rule of law. In particular, their supranational elements do much in this direction and they should be further strengthened. There are many more or less detailed ways of achieving it, and we will suggest just a few of them. The Commission should keep its power of initiative and gain a more prominent role in the second and third pillars. Its President should be elected in pan-European elections. The reformed European Court of Justice (or a new supranational institution) should decide on the distribution of competencies among the various levels of administration and governance within the EU. Qualified majority voting in the Council combined with the co-decision of the European Parliament should become a general rule. The current flawed construction of qualified majority voting in the Council should be reformed. A more transparent and efficient system combining the principles of both civic and international democracy could be based on a double simple majority of countries and citizens as the Commission has proposed. In order to increase the transparency and accountability of EU decision making, minutes of the meetings of the Council should be publicly accesible. A second chamber of the European Parliament should be established.

IV. Demos

Who are the people(s) of Europe and their identities?

As Timothy Garton Ash put it, '[the] trust and solidarity between citizens that is the fragile treasure of democratic nation-state does not, alas, yet exist between the citizens of Europe.' The reason according to Ash is that 'there is no European *demos* – only a European telos'.

Europeans enjoy multiple identities related to their European, national, regional, local, professional and religious affiliations. None of these partial identities has any general supremacy over the others, each of them being more salient in different contexts. The often repeated claim about the absence of European *demos* is correct only within the Westphalian framework of exclusive identities. But within this framework, claims about the absence of a particular national demos could be justified in the EU of today as well. The modern, Westphalian system was able to preserve the European variety only by defining exclusive national identities and dividing it into sovereign states. The multiple identities are key to preserving variety in the new post-Westphalian polity.

The current experience with the integration project shows a novel way of constructing identities, including the European identity. As Europe is not being built according to the traditional Westphalian model based on exclusive sovereignty and bounded territoriality, functioning

primarily as a unit of survival and defence against the outer world, European identity is therefore not constructed in spatial terms, but in temporal terms. It is not defined against an external physical enemy in the shape of another actor, as was usual in the Westphalian system; it is defined against the *Realpolitik* of the past, against the power-based manners of management of European policy and politics, against the European wars.

Such a polity raises the issue of legitimacy. The Westphalian system leaves behind two valuable paths to legitimacy:

• legitimacy by national *demos* through democratic institutions of the nation state, such as parliament or government;

• legitimacy by European *demos* through democratic institutions on the European level such as the European Parliament or possibly the Commission President elected in pan-European elections.

But these two paths to legitimacy fail to cover the variety of European actors. President Havel rightly stresses the role of civil society, which would provide the European construction with a firm anchor on the micro-level. His reflections on the need to develop a civil society in candidate countries apply to the EU as a whole.

The legitimacy of the new European polity has to be bolstered by the transparency of all actors (not just governmental and supranational institutions) and free access to information flows. The Internet overcomes many hurdles to the free dissemination of information, thus increasing transparency. The legitimacy of companies, which are taking over some functions of the state, can be provided by the basic tenets of stockholder values, paying attention not just to their shareholders but also to other groups engaged in their activities such as employees, customers and local communities. The actors of a civil society, operating in the transparent setting of small communities, may get closer to the ideal of deliberative democracy, in which decisions are taken on the basis of the exchange of arguments among equal partners, than is the case within the machinery of the modern state.

Legitimacy is also closely connected with solidarity, thus creating a virtuous circle in which the perception of the legitimacy of the system increases the willingness to share one's welfare with the others. This in turn increases the perception of legitimacy among those who benefit, making them more willing to contribute next time. But the key to the legitimacy of the postmodern polity is a European democracy and European rule of law. The rule-making has to involve all the subsidiarity levels giving all the actors an opportunity to contribute. As a result, there must be a widespread feeling anchored in European identity that the rules are adhered to and enforced (although not necessarily by state authorities).

V. Czech priorities in Europe

• Enlargement

Defining Czech priorities in the EU makes sense only in an enlarged Union that will include the Czech Republic. All the same, the next enlargement should not be the last and the EU should derive its strength from its openness. The average support for enlargement is below 50 per cent both in the EU and in the Czech Republic. The latter copes with this problem through a comprehensive multimedia information strategy sponsored by the government. Here, the internet serves as the main link of communication with the opinion makers. The aim is to raise public awareness about the EU as well as about the pros and cons of the Czech Republic's future membership. The EU and, above all, its respective member states should do more to promote its enlargement internally.

• Democracy

The principles of both civic and international democracy have to be reflected in European governance. Being a small state, the Czech Republic is very much interested in having elements of international democracy (one country, one vote) included into the architecture and decision-making procedures of European institutions.

• European Rule of Law

The presence of unambiguous and enforceable rules established on a democratic basis guarantees a stable and foreseeable environment in which legal arguments prevail over the arguments of power. Hence, the Czech Republic is interested in the strengthening of those institutions from which an impartial application of European rules can be expected such as the Commission or the European Court of Justice.

• Flexible Coalitions

Smaller EU states will be the natural allies for the Czech Republic to make coalitions with. Yet due to its geopolitical position and due to the positive experience of mutual co-operation in the last decade, Germany will be the key partner for the Czech Republic in the EU politics among the big states. On the other hand, the exclusive orientation of the Czech Republic to Germany would be harmful to a sound development of the Czech-German partnership. The Czech Republic has to make full use of partnership possibilities offered by EU politics. Great Britain is the most natural partner for the Czech Republic among the rest of the EU's large states. Its pragmatic political culture, policies (Thatcherism, Blairism), institutions (civil service) and bottom-up practices are admired. They are often seen as a source of inspiration for domestic reform. An important part of Czech society and political élites also share the Atlantic perspective of Britain in security matters.

• Finding its niche

In European politics, the Czech Republic has to make rational use of its very limited resources by focusing them on a few areas where it can provide its partners with services and expertise which others lack. Such niches have to be identified and promoted. A thorough reflection of the successes and failures of its own societal transformation may help the EU when dealing with countries in structurally similar circumstances. Special military skills such as protection against chemical warfare and other weapons of mass destruction can be valuable for the ESDP process. Many other niches can, however, be occupied in co-operation with other partners.