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**European Union priorities in the near future**

prof. Roderick Pace - Università di Malta

# Europe is in Need of a Stronger Political Leadership

Roderick Pace<sup>1</sup>

When the Lisbon Treaty came into effect in December 2009, it was greeted with some relief for two reasons: firstly because a very difficult phase in the European Union's "constitutional" development had been completed and secondly because the EU could finally shift its attention from internal matters to the wider world out there. The completion of this latest phase in EU treaty reform had been marred by many setbacks: firstly, the Constitutional Treaty had to be shelved after its rejection in France and the Netherlands. Then after an uncertain period of "reflection" or let us say quite backroom consultations, negotiations began which eventually led to the Lisbon Treaty which incorporated much of the Constitutional Treaty. But this Treaty also met a few challenges: the Irish voted twice in two referenda, first rejecting and then approving it, while in the Czech Republic legal challenges in the country's Constitutional Court threatened to scuttle the whole project. Eventually, the Lisbon Treaty made it to the finishing line gasping for breath. It is claimed that this treaty was approved only because most governments rejected pressure to seek its endorsement in popular referenda. Following its difficult and treacherous journey, a majority of Europeans, whether they were satisfied with it or not, were relieved that it had finally been approved and the EU's gaze could be turned to other more urgent matters such as energy security, global warming, the challenges which the Union faced in its neighbourhood, global competitiveness (Europe 2020) and many more issues. Few realized at this point that this period of relative tranquillity would soon be rocked by a global recession of hitherto unseen proportions and that a year later the revolutions in key Arab countries situated in the EU's own backyard, would meet a weak response from the Union similar to the very weak position which the EU had adopted in the early 1990s towards the Balkan crisis. Once again in the case of the Lisbon Treaty, as was the case with Maastricht, the EU had a promising new treaty, but it still lacked the capacity to act decisively.

Indeed, presently the EU is not a protagonist in shaping world events as some might have hoped it would be after Lisbon. Instead, it is struggling for survival. Many questions are being asked regarding the future of the EU. Will it survive? Most of the rest of the world, driven by self-interest, hopes it will. Otherwise if the EU fails, the global economy may be plunged into a deeper recession, a double dip, with untold consequences. But do Europeans want the Union to survive? And, in today's Europe are there leaders with a similar vision and a capacity to act as the Fathers of Europe (Monnet, De Gasperi, Schuman,

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<sup>1</sup> Professor Roderick Pace is Director of the European Documentation and Research Centre (EDRC) at the University of Malta. E-mail: roderick.pace@um.edu.mt

Adenauer, Spinelli, Delors), capable of rising above the din and the cacophony of proposals that have been flying around since the crisis began, to chart a clear course for Europe out of the present crisis?

Past events in the history of European integration give mixed signals on how Europe is likely to fare in the months and perhaps years to come. On the one hand Europe has been capable of overcoming many crises and challenges in the past, such as when De Gaulle deserted the presidency of the European Economic Community, the oil shocks, Euro-sclerosis and the turbulence created by the 2004 enlargement. All these events encourage many to believe that Europe will rise again after this crisis as it often did in the past. On the other hand on many occasions in the past we have witnessed Europe simply missing golden opportunities. One such opportunity was the Maastricht Treaty itself and the Stability and Growth Pact. When the Union embarked on the project of monetary union, Europe's political elites wrote in it that to be allowed to join the monetary union and introduce the euro, member states needed to pass five important tests, the so called "Maastricht Convergence Criteria". They had to maintain public spending within three per cent of GDP, public debt around 60 per cent of GDP, low inflation and low and converging long-term interest rates. But surprisingly when the third and final phase in the introduction of the euro was coming to a head with the actual introduction of the single currency, many key European countries would have failed the test which they themselves had after all imposed upon themselves. This led to some (to be mild) unorthodox examination room practices which perhaps set the tune for the rest of the journey. Or, "the morning showed the kind of day".

To pass the exam some of the member states resorted to very creative but certainly dubious accounting, while one country which is now at the centre of the Euro crisis and threatening to bring it down, dispensed with such hypocrisy and actually cooked the figures. Amazingly, "no one noticed this" or if they did, they turned a blind eye to it for political reasons. That obliviousness has now returned to haunt Europe. Subsequently from 2002, France and Germany in recession decided that they should not maintain themselves within the strictures of the Growth and Stability Pact and for successive years ignored the Commission's warnings to rein back their public deficit until the matter came before the European Court of Justice. That behaviour struck a mortal blow to the euro project because it was very difficult from there on to impose macroeconomic discipline except perhaps in the case of the smaller and weaker member states who following the 2004 enlargement became abundantly numerous in the new EU.

Hence, when you survey all this, my more optimistic inclination tells me that "yes, Europe can be redeemed", but only if our political elites understand the gravity of the situation, share the same vision of what needs to be done, for once maintain agreements and implement them well, in other words if they keep to the old adage that *pacta sunt servanda*. European leaders must implement what they themselves agree to do. How can public support for the European integration process be strengthened if political elites cynically fail to implement policies which they themselves propose?

One other essential ingredient for Europe to resolve its crisis is that the Continent's political elites understand that the current situation has changed the nature of domestic, regional and world politics. Let me

explain myself better. The context has changed and what is needed is not “politics as on any other day” but a politics of survival wedded to a politics of growth. This requires new thinking in Europe, a crop of leaders who are capable of reading the situation well and to propose bold new policies to lead us out of this quagmire quickly just as the Fathers of Europe did.

There is also another danger they must contend with. Reading the press I am alarmed by the clear signs of *populist politics* which finds parties playing on public hardships, fears and concerns in order to gain political strength at the expense of their rivals. Technical governments such as those established in Athens and Rome are meant to be *apolitical*, in the sense of not belonging to any established political formation in order to gain the support of all of their political parties in this hour. They are also meant to stop for an unspecified length of time, and until the current European crisis stabilizes, the competitive behaviour in these countries’ political systems in order to enable the technocrats to carry on with the necessary and urgent reform on which future prosperity, indeed the fate of the euro and Europe itself depend.

In this respect it is alarming that up to last Tuesday Greece’s *Nea Demokratia* would not sign an undertaking sent by the EU’s finance ministers on 7 November and addressed to all of Greece’s political formations, to support the agreed reforms before the next tranche of aid to the country is released. Also, reading the public statements and reactions by many Italian politicians to the appointment of Mario Monti at the head of a technical government, one could not help feeling that for some political leaders in the eye of the storm it’s just a case of “business as usual”, at least publicly. The markets are reading these tell-tale signs and one should not be surprised that political ambiguity leads to more turbulence in the markets and possibly the spread of the contagion.

At the same time, democracy and democratic parliamentary control of the executive remain important for Europe and our way of life. However, at this hour the priority aim is to ensure that the worse is avoided, that agreed reform plans are carried out expeditiously so that the economic and social agony is not prolonged unnecessarily and that Europe’s democratic systems are able to withstand the pressure. There seems to be no better alternative to this approach and the quicker Europe finds a way out of the recession and returns to robust growth rates and job-creation, the sooner can it begin to tackle the root-causes of its social problems and look beyond its shores and take a more prominent role in world affairs.

Looking ahead, the paradoxes and dilemmas of Europe’s recovery will probably only worsen before they improve. Restructuring, liberalization and privatization all lead to job losses which the economy can only begin to absorb once it begins to grow. Contraction precedes growth. Reform will certainly increase the number of people in precarious employment, the working poor. Pension reform and the reduction of pensions, negatively affect a widening segment of the community. Increased taxation leads to contracting disposable incomes and reduces consumption. These developments in turn may mean that economic growth is dampened or retarded. The political implications of such developments cannot be ignored, for such a situation of widespread public disgruntlement creates a fertile ground for populism to flourish and this trend has to be watched carefully. Many and successive European politicians have for years been acting as

Europe's 'double agents' – praising new steps in European integration when this satisfies their domestic electoral fortunes and blaming “Brussels” when necessary measures of the European process lead to adjustment costs. The effect of this is also influencing public attitudes and the question is when will our political elites really transform themselves into European leaders and stop looking at EU and world affairs from narrow standpoint of a rural, isolated, steppe inhabitant?

In the light of all this, I do not think that the time is right for any treaty reform to strengthen governance of the euro-zone, much as I agree with it, or as has been suggested to create a core euro-zone group which excludes some member states and re-divides Europe. Strengthening euro-zone governance within the existing treaty framework is possibly the most feasible project at this stage, a positive step, for it is unlikely that there is sufficient public support for treaty reforms at this stage. There is also a grave danger that a debate on the future of Europe at this stage might throw the EU into more chaos and further rock the financial markets. With most of the EU's governments engaged in “fire fighting” operations to protect their economies from the recession or from collapsing, their priority is to extinguish the fires and not to embark on yet another Inter-governmental Conference and treaty reforms to change the euro's foundations. That ought to be postponed for when the waters calm down, Europe returns to a growth path and optimism takes hold again.

We must not for a moment disregard, that for the European public, its main concern at the moment is survival, or for many how to get back into the labour market. Although it can be argued that while the crisis lasts governments will be more ready to accept treaty reforms to strengthen macroeconomic governance in the euro zone, such a reform could be seen as nothing more than a distraction from more urgent priorities, while it could encourage populism at a time when less of it is needed. In short, the time is not ripe for further treaty reform, certainly not in the midst of a crisis, though I do lean in favour of such a review once the crisis is over.

### *The EU in International Affairs*

One of the main objectives of the Lisbon Treaty was to allow the EU to play a bigger role in world affairs. Following a protracted pregnancy, the European External Action Service (EEAS) came into being. The European Parliament buoyed by its increased powers under the new treaty, used its budgetary powers to acquire a bigger say in the setting up of the service beyond what the treaty actually gave it. The newly appointed President of the Council who also has an external policy role, the High Representative of the Union for Foreign Affairs and Security Policy and the Foreign Affairs Council have more or less delineated their roles well, though not entirely. But when the Arab Spring started towards the end of 2010 and the uprisings spread, the EU and its member states were taken off guard and they reacted rather weakly and confusingly before managing to get a grip of the situation.

This weak and confused reaction to the Arab Spring was sobering in a sense that it led to the realization that much more than treaties, the EU needs effective and working structures to help it make a real

difference in world politics. It was bewildering because while big events were transforming a region in which the EU has traditionally had a strong interest, the EU was neither coping with this change nor succeeding in influencing it in any way.

The importance of the Mediterranean region for the EU, often and perhaps misleadingly referred to by its ancient epithet as “Mare Nostrum”, originally coined by the Romans, is a region where historically the EU has played a leading role and where it has devoted most of its external aid. In 1970 it launched its *Global Mediterranean Policy*, then in 1995 the Euro-Mediterranean Partnership or Barcelona Process and in 2008 the Union for the Mediterranean. Most of the northern shore of the Mediterranean is EU territory and no less than seven EU member states are also Mediterranean states. It is a region which is both a source and a transport passage for energy supplies reaching the EU. It is a regional system which affects the EU's own well-being: any serious turbulence in the region has negative effects on the EU, positive developments affect the EU positively. It could also be an important provider of alternative energy resources for the EU which would help it reduce its dependence on fossil fuels (address global warming issues) and nuclear energy.

In the light of all this, it is difficult to understand the EU's initial lethargic approach to the Arab Spring. One main reason for this was certainly its continuing preoccupation with internal affairs namely the problems caused by the international recession after the financial crisis, to the exclusion of other considerations.

In the Mediterranean region a new phase in the region's relations has started. A scan of the region reveals some startling differences in the situation of the southern littoral states and sub-regions. I would like to enumerate them: (a) Europe has lost some of its old friends in the Arab world, the authoritarian governments with whom it had established a sound *modus operandi* (Mubarak, Ben Ali,) including a most ambivalent nuisance factor (Gaddafi); (b) three countries have changed their authoritarian regimes, but no one can tell whether they are heading in a truly democratic direction; (c-1) Israel, a strong partner of the EU particularly in the fields of cooperation in science and technology is hopelessly isolated and the Middle East peace process is a tale out of the history books; (c-2) the Palestinians are seeking recognition of their statehood which many, including some EU member states want to deny them though rhetorically they support a ‘two state solution’; (d) Turkey has gained influence in the region but the EU does not want to accept her as a member – to add to the complication we do not really know whether the Turks are any more interested in joining the Union and in the meantime Turkey's human rights record remains abysmal in many respects raising doubts as to whether it should be trumpeted as a ‘model’ for the reforming Arab states. Meanwhile Turkey continues to make threatening noises at Cyprus, an EU member state on oil and gas prospecting in Cypriot (i.e. EU) waters while no progress is registered on the Cyprus Problem; (e) Syria whom the EU has long courted to conclude an association agreement with it, is in the grips of a bloody civil war; (f) Algeria, one of the EU's main energy supplier in the region tops the charts in human rights violations; (g) Morocco, Jordan and Lebanon are trying to embrace change to forestall revolt – the three countries remain fragile; (h) last but not least Moslem inspired political movements have become more relevant and EU leaders remain stunned and petrified on how to engage them.

This is very complex political situation is further complicated by another issue connected to the EU itself: not only has enlargement shifted the internal EU balance away from the Mediterranean region, but the Mediterranean EU member states who could influence Union policy towards the Mediterranean region, are the least influential among the member states mostly because of their precarious economic situation: Portugal, Greece and Italy all have had to adopt austerity programmes; Spain sports the highest unemployment rate in the EU at around 21 per cent; Cyprus weakened by division and smallness is now in recession and facing a financial crisis, while Malta which economically is performing relatively well, is too small to fill the void.

The EU needs a new approach in the Mediterranean Region. Such an approach cannot take the form of some renovated “Mediterranean Policy” but must consist of a number of policies – some or all of which can at times be combined in policy permutations to address specific issues. We are not dealing with “the one”, but with “the many”. The EU requires a clear policy for Syria, one for Turkey, one for Algeria, one for Egypt and so on ...because recent convulsions and developments have led to an acute differentiation in the situation of each of the EU’s Mediterranean neighbours/partners. A regional approach tends to overlook these differences. One cannot pursue the same democracy promotion approach in Egypt, Libya and Tunisia; Turkey and Israel must be dealt with differently; the same can be said of Cyprus which is an internal EU issue stuck with EU-Turkey relations.

The second challenge which the EU faces is that despite the economic difficulties it is going through, it must continue to find and devote sufficient resources to help the Mediterranean countries achieve political and economic reform. Incidentally and at the same time, it also needs to maintain its levels of development aid to the rest of the developing world unless it wants to create future problems for itself.

Thirdly, member states need to co-ordinate and act more coherently, rather than competitively in the external affairs and crucially so in the Mediterranean region - but they will never do so and notwithstanding that the Lisbon Treaty commits them to seek a coherent approach in foreign policy they will continue to ignore it because there is nothing in Lisbon which constrains them to do so. Hence, there is a clear sign that if Europe wishes to exert influence in the world, it must not only resolve its economic problems but it must also reconcile itself with the need of a strong, coherent, federalist foreign policy. We need European leaders who would finally ditch the illusion that individually they are capable of doing it alone, admit that each European country on its own is like the Emperor in Hans Christian Anderson’s famous fable, and convince their public that in unity there is greater strength. We require a new consensus on foreign policy if Europe is not to be dominated by outside powers and if we wish to speak on equal terms with China, India, the USA and other emerging ‘powers’.

There is then the issue of norms versus interests in foreign policy. The Lisbon Treaty specifies both that the EU should promote its values in its foreign policy and that it should seek to safeguard its interests. In Article 3 (5) TEU it is stated that “In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security,

the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.”

Balancing “norms” and “interests” has always posed problems for the EU in international affairs not least in the Mediterranean region where it clearly gave precedence to interests. The policy shift that must occur in the EU’s Mediterranean policies ought to give more importance to norms and democracy promotion without the use of force. Force brings ‘regime change’ but usually not of the kind its proponents intend. In this context the EU must seek to avoid at all cost driving itself into dead ends as it did with democracy promotion in the Palestine, when it rejected a democratically elected Hamas majority in the Palestinian National Assembly after strongly encouraging democratic reform.

Indeed, the events in the Arab World mean that the EU must learn how to get along with “strange” bed fellows, such as Islamic political movements which are here to stay and which will emerge as the leading political forces in the countries going through change. A dialogue is needed with these movements but Europeans must first of all overcome their “stereotypization”. A successful EU Policy must begin by recognizing their heterogeneity. It must then take into account that these movements are a reality to be dealt with and that when they gain popular support as did Hamas and Ennadha in Tunisia recently, they also gain legitimacy. Often I pose the question “how worse are these political movements than the Mubaraks, Ben Alis and Gaddafis with which Europe co-operated in the past?” These political movements are emerging as the most popular for many reasons: (a) they promise the people in the Moslem world something that has been denied them by the previous regimes namely dignity, medical care and education, an end to corruption the good things which we are accustomed with in our own societies; (b) they are the only political parties which defied the previous authoritarian regimes and continued to operate while leaders of other political parties in opposition were exiled, imprisoned or simply killed often because Europe failed to stand up for them (except offer them sheltered exile); (c) they offered openings to political activism/participation for thousands of educated Arabs who could not find employment in their own countries.

## **Conclusion**

What I have said here today is intended as a critique and to raise a few questions which the scholarly community may address. This not an exhaustive analysis by any account nor am I claiming originality since I must have been influenced positively or negatively by the literature and events I surveyed in the last few months. The gist of this presentation is simple: probably at no other juncture since the end of the second world war has Europe needed a clear and imaginative leadership to lead it out of its internal economic problems and on to growth as well as a more assertive, self-confident role in world affairs which the Treaty of Lisbon was supposed to lead to. For many reasons, notably also for internal domestic considerations (electioneering) a clear and visionary political leadership has not emerged. Time is also of the essence. Europe needs to act fast on many issues, which it is not, while time is not an infinite resource. It does not

wait for any one. We have recognised that to overcome these problems we need to strengthen European unity. The emphasis is on economic governance but we need to go much further. But is this the ideal time for reform? Will European leaders be capable of it and of carrying their publics with them? How will they deal with populist pressures while maintaining strong democracies? Many more questions can be posed...which only shows how many satisfactory answers we still need to find.

New Skills for New Challenges