

How the EU Can Emerge from the Ashes

The old European Union didn't work, that much has been made clear by the ongoing debt crisis. But many in Europe think there is now a clear path to a new, more integrated - and smaller - bloc. What must happen first?



Joseph Martin «Joschka» Fischer: Former Foreign Minister of Germany

Greater democracy and less nation-state sovereignty.

To stabilize the continent in crisis, Joscha Fischer, the former German Foreign Minister, an avid European, wants to see a resolute political body consisting of the leaders of eurozone countries. They should, he believes, be outfitted with far-reaching authority and granted sufficient power by their parliaments back home. Fischer is thinking about a rescue plan. Not just a rescue plan for the banks, for Italy or the euro, but for everything. He envisions a fire brigade of European Union government officials, and sees it as an *"avant-garde of the United States of Europe"*. It is, in other words, time to stop complaining. The new Europe will be a dream, not a nightmare. Europe can only be saved if it is completely reinvented. The financial crisis is the turning point in the history of European unification. The old EU is finished. The 27-Member bloc has never been as unpopular as it is today.

Old Europe no longer exists

Like Joscha Fischer, there are many other big thinkers in the most influential nations of the European Union, people who are hard at work developing plans for a European house, one that will be better, more democratic, more unified and more impervious to crises than today's Europe.

In capitals across the Continent, governments have assembled their experts for brainstorming sessions, while international law experts and political scientists gathered at think tanks are busy developing models and seeking a future for Europe. Influential thinkers like German philoso-

pher Jürgen Habermas have weighed in on the debate as they try to shape a united continent.

"Opportunity to do Great Things"

The experts seek to escape the current crisis by taking a significant step forward. For the first time in years, those government officials seeking an end to the crisis have begun thinking about *"more Europe"*, a new Europe with expanded powers and a real government. The crisis, says Munich sociologist Ulrich Beck, is *"an opportunity to do great things"*. *"Neither a Frankfurt group nor a troika, and certainly not the G-20, which answers to no one, should have the right to decide what Europe's citizens should pay for and how much they should save"*, says Ulrike Guérot, the fiery Berlin spokeswoman of the European Council on Foreign Relations, the international think tank to which Joschka Fischer also belongs. According to Guérot, such decisions ought to be made by a strong European executive branch, *"supported by a parliament for the entire eurozone. We must invent and establish Europe a second time"*, says Sigmar Gabriel, the chairman of Germany's center-left Social Democrats (SPD). It's easy enough to say this from his standpoint as leader of the opposition. But many in Merkel's party, the center-right Christian Democratic

Union (CDU), tend to agree - they just don't talk openly about it. Officials at the Chancellery are also looking for concepts for the day when the crisis is over. It's an opportunity to change the world. Why, for example, shouldn't it be possible for *"the Europeans"* to pull together, just as the 13 new American States did in 1787 for their constitutional convention? Then, too, the States were jostling for power and money. But, after a long struggle, they managed to constitute themselves - under the motto *"We the People"* - into a powerful, democratic, federal State that has endured to this day. The Americans enshrined *"the pursuit of happiness"* in the Declaration of Independence. But is that any different than the European dream of peace, freedom and prosperity? Could the words *"We the People"* or *"We Europeans"* also be chiselled into the constitution of a European federal State one day?

A "Well-Thought-Out" Vision for Europe's Future

Just how close this historic idea has already come to real-life politics is reflected in the passion with which German philosopher Hermann Lübbe rejected the notion of a United States of Europe in the Frankfurter Allgemeine Zeitung. If, in the wake of the *"common currency"*, a similar *"common nation"* were now to be proclaimed, Lübbe warns, it would only *"accelerate the catastrophic outcome"* of the crisis. For Lübbe, there is *"no prospect"* of achieving consensus among *"Finland and Greece, Slovenia and Portugal, Austria and France"*. The *"It-Won't-Work"* pragmatists are keeping the *"Let's-At-Least-Try-It"* idealists in check. As a result, only very few politicians are able to develop a well-thought-out vision for Europe's future anymore. *"After all, everyone wants something"*, complains Habermas, a passionate proponent of Europe. The ultimate goal, he says, has become obscured. Peter Altmaier, the influential conservative parliamentarian and an important ally of Merkel's, says that although an American-style European federalism is not *"in our immediate future"*, it should be possible *"to, at least, talk about it"*. There is no lack of bold ideas. Charles Grant, founder of the Centre for European Reform, a London think tank, has come up with a vision for a democratically united Europe in which the citizens of

the various Member States vote directly for European Commissioners - replacing the present system whereby they are chosen by national governments behind closed doors. Grant's model sees the EU President selecting the 10 best of the 27 citizens' picks, with the remaining 17 becoming deputies. This concept would produce a strong and democratic European government. The idea of a single, robust Brussels government for all EU countries - or at least for the eurozone - is also shaping plans promoted by certain groups within the European Parliament. And most agree that citizens in any future United States of Europe must have a stronger voice and Brussels have greater powers. Which would in turn mean a transfer of sovereignty from individual countries to the European Union.

The Approaching Reality of a Smaller Europe

It is at precisely this point in the conversation that German politicians tend to collect their files, pack their briefcases and leave the hearing room. This version of Europe won't fly with Germany. The country's highest court, the Federal Constitutional Court, made it clear as recently as June 2009, with its decision on the Treaty of Lisbon, that the German Constitution sets clear boundaries when it comes to the transfer of sovereignty to Brussels. And those boundaries, as Court President Andrea Vosskuhle puts it, are *"probably largely exhausted"*. History, in other words, could be written in Germany. For the sake of the United States of Europe, the strongest European country would have to reinvent itself. There is no way around the fact that the European countries will have to sacrifice some of their sovereign power - and a share of their identities. Yet, even today they are merely shadows of their former selves.

Speaking with One Voice

Philosopher Habermas refers to the global societies that can no longer afford to solve their problems on a nation-by-nation basis as the *"post-national constellation"*. On issues from finance to climate, energy and immigration, Habermas finds it *"simply foolish to assume that Europe's voice will still count if it doesn't learn to speak with one voice"*. To leading thinkers and international law experts, it already seems foolish today to distinguish within Europe between domestic and foreign policy. *"The difference between domes-*

tic and foreign is beginning to blur", says Habermas, noting that international law and domestic law are starting to resemble one another. Frankfurt Constitutional Law Professor Erhard Denninger questions *"whether it will even make sense in the future to speak of national sovereignty"*. For Denninger, one of the leading experts on the German Constitution, the notion that European nations only stand a chance of preserving their national identities within a union is old hat. He cites Hermann Heller, an important Constitutional Law Professor in the Weimar Republic, who, shortly after the catastrophe of World War I, raised the question of *"whether the only hope of saving the cultural individualism of the European nations is through a sovereign European federal nation"*. Several more catastrophes and almost 100 years later, the problem is still - or again - on the agenda. But who is asking the question as clearly today? *"Those who want Europe should finally say where they want to go"*, says former Foreign Minister Fischer, one of the instigators of the EU Constitution that was defeated in French and Dutch referendums in 2005. Europe, says Fischer, cannot *"continue to be something diffuse, abstract, some sort of legal entity. What we're talking about is the realization of the United States of Europe"*.

Both Fair and Democratic

There is no doubt that a European federal State would go far beyond the present Europe of the Lisbon Treaty. The Brussels technocracy would have to be replaced with political institutions with strong decision-making powers and extensive competencies to shape economic and social policy for all of Europe. This is only possible if what happens at the European level is both fair and democratic. Is such a thing possible? Would Europe's countries and citizens cooperate? Pragmatist Fischer believes that a fundamental, long-term amendment of the Lisbon Treaty, ratified by all Member States, is unrealistic. *"The 27 Members aren't capable of doing it"*, he says. For this reason, he supports a *"de facto communitization"* of national policy at the European level. Instead of engaging in lengthy treaty negotiations, European leaders should simply move ahead and coordinate their policies. Fischer, though, sees 27 parties as being too unwieldy, but would like to see the 17 leaders of the eurozone countries move forward, as they have in establishing the euro backstop fund. In short, Fischer wants to turn

the Euro Group into a new European government. As a fiscal and economic government, the 17 would assume joint control over their nations. *"That would be the avant-garde of the United States of Europe"*, he says. Fischer has figured out how this could work. When leaders of the 17 eurozone countries gathered in Brussels, majority leaders from national parliaments would come along, as would the opposition leaders. It would, Fischer believes, be a manageable number of people and would possess a huge degree of parliamentary power. The results of such a meeting would stand an excellent chance of being approved and ratified by parliamentarians who stayed at home.

Parallel Democracy

It would be a kind of parallel democracy - and would be as constitutionally questionable as the secondary government that would establish itself in Brussels with no consideration for the Council, the Commission and the Parliament. But such a core Europe could, at least, work until the EU were to establish a more permanent vision. *"At some point, not right away, a model like this will also find its way into the treaties"*, says Fischer. *"And when the others see how successfully the avant-garde operates, many will want to participate"*. It would be a major step toward the United States of Europe.

And what of the Council, the Commission and the Parliament? They would no longer be needed within the scope of the new European government. In Fischer's opinion, the example of the Schengen Agreements shows that a success story can, in fact, gradually lead to a change in the EU treaties. The agreements on eliminating border controls were reached by a handful of European governments in 1985 in the Luxembourg town of Schengen. They reached consensus on their own initiative and without a blessing from Brussels. And it became so successful over the years that is now seen as a key component of the European Union and is enshrined in the Lisbon Treaty. The Schengen method was a back alley solution, but demonstrated the pragmatic unification of the two tracks by which European policy is created.

One is the collaborative approach taken by the Commission in concert with the Council and the European Parliament, as described in the Lisbon Treaty. The second, competing approach is that characterized by intergovernmental agreements forged between European capitals, bypassing Brussels. The crisis has clearly de-

monstrated which method reigns supreme in Europe: namely, the Heads of State and government. Not Brussels. “We are the economic government”, the German chancellor recently noted. By “we”, she was referring to herself and other leaders of EU Member States.

The Problems of the ‘Merkel Method’

Commission President José Manuel Barroso promptly complained to the European Parliament. “The Commission is the economic government of the Union”, he said, noting that the governments - not even the German chancellor - “can, in all honesty, do this on their own”. No sooner said than proven wrong. Europe is now being increasingly run without Barroso. European Commissioner for Economic and Monetary Affairs Olli Rehn finds fault with an “excess of intergovernmental activity. In Europe’s capitals, intergovernmentalism is now referred as the ‘Merkel Method’”. The most important decisions on rescuing the euro and ailing Member States - Greece, Ireland, Portugal and Spain - were hammered out during cloak-and-dagger meetings of the key national leaders. The Berlin-Paris axis and the agreements between Merkel and Sarkozy (“Merkozy”) presented both the national parliaments and the entire Brussels power machine - the Commission, Parliament and Council - with a fait accompli.

Now that things are becoming serious, it is clear how weak Europe is. Key European decisions, like the Greek bailout, must be negotiated by individual potentates in back rooms, just like in the days when Europe was a collection of principalities, even in cases of great danger and extreme time pressure. In this European democracy, those with the most money have the last word. “It’s now the lady that decides”, former Commission chief and Italian Social Democrat Romano Prodi said recently. It was no accident that protesters in Lisbon were holding up a caricature of Merkel with scissor hands.

“Any idiot can block everything”
(J.M.Barroso)

This is precisely why Prodi believes that the Merkel method is unsustainable in the long term. “People will come to realize that the concept of unanimity on all key issues no longer works. The fact that each individual Member State can hold up everyone else with its veto stands in the way of reasonable decision-making”. Prodi’s successor, Barroso, puts it more succinctly: “Any idiot can block every-

thing”. Another menacing aspect of the Merkel method is its lack of transparency. The avowed European Habermas misses no opportunity to warn against the decline of democratic culture in Europe. The philosopher sees Merkel’s method of decision making as “a disenfranchisement of European citizens”, and notes that a “gray veil” has descended on the national parliaments, which often have no choice but to rubber-stamp the Merkozy oracle. Parliamentarians, Europe sceptic Peter Gauweiler of Germany’s conservative Christian Social Union (CSU) scoffs, are playing the role of “a school of sardines” swimming behind the Lady. In September 2011, German parliamentarians saw clearly what happens to someone who doesn’t want to be a sardine - when the respected CDU member Wolfgang Bosbach refused to give his blessing to Merkel’s bailout fund plans. In return, Chancellery Chief of Staff Ronald Pofalla berated Bosbach, saying: “I can’t even look at your face anymore”. Legal objections are no longer deemed important. Hardly anyone dared to point out that, in the opinion of respected European law experts, a portion of the Greek aid package constitutes an open violation of the bailout ban in the Lisbon Treaty. But Fischer is discovering a new, hopeful pattern in the tug-of-war over the crisis. He calls it the “first steps toward the method of virtual communitization”.

Necessary Treaty Changes

The Schengen model, the back alley to a united Europe, is repeating itself in the crisis. The bailout fund for insolvent euro countries, called the European Financial Stability Facility, or EFSF, and its permanent successor, the European Stability Mechanism (ESM), which is still being formed, are constructs based on intergovernmental agreements among a few EU countries - the Merkel method. And yet, step by step, they may be leading to new institutions at the European level, a kind of European economic government. They may even pave the way to make the necessary changes in the Lisbon Treaty. The crisis changes everything. Elsewhere in Europe, many also see the gradual, virtual communitization of economic and fiscal policy as the path to more Europe. “The financial crisis”, says constitutional judge Sabino Cassese in crisis-shaken Italy, has given the entire European Union “a big push”.



A solid core

Fischer isn’t alone with his ideas about an “avant-garde”. Many in Berlin and other European capitals agree with him, at least, in principle. “In the foreseeable future, further integration is only possible through the intergovernmental approach”, says CDU politician and German Finance Minister Wolfgang Schäuble, of whom fellow party members concede without hesitation that he is the “only true European at the cabinet table”. It was also Schäuble who, as long ago as 1994, anticipated Fischer’s avant-garde idea in a paper written together with CDU foreign policy expert Karl Lamers. “The key issue”, he wrote at the time, “is that it should not be possible for countries that are more willing and able than others to take cooperation and integration a step further to be blocked by the veto power of other members”.The old idea of a “solid core”, which becomes more and more solid over time, was lost in the days of expansion euphoria. It also failed because of then Chancellor Helmut Kohl, who felt that it was an “academic concept”. Now there are many in Berlin who hope that the idea of a “core Europe” will bring about accelerated integration and an important simplification of intergovernmental cooperation. Everyone agrees on the charm of the solution: the grumblers from Britain would finally be left out in the cold, and a United Europe could simply dismiss them should they oppose any further integration. “They’ll be hopping mad”, says Fischer, “but then they won’t be able to cause trouble anymore, either”. The Germans, however, have another problem with an overly exclusive club of the euro avant-garde. What happens to Poland? Germany’s eastern neighbour would not be involved, at least, not in a solution restricted to the Euro Group. All plans aside, there are growing concerns within the government in Berlin that the understanding so painstakingly achieved with a country that was once treated so poorly by the Germans would be jeopardized, if Poland were excluded from the European development.

The French hurdle

The Poles, who are very enthusiastic about Europe, fear nothing more than to be counted as part of the EU’s Easter European contingent. Potential plans to tighten the economic criteria for joining the euro club before Warsaw becomes a member are seen as a threat. Pawel Swieboda, Head of the Warsaw think tank DemosEuropa, holds the Germans accountable, saying: “Poland’s accession to the euro zone is a German-Polish project”. Poland has so far been firmly on Merkel’s side in the euro crisis. The ambitious Poles, a majority of whom are enthusiastic about the euro, value the prospect of making their own contribution to Europe’s future. Still, it is France which could prove to be the greatest problem when it comes to building a core Europe. Europe is inconceivable without France. “But”, wonders Fischer, “will they play along?” There are political thinkers in France who agree with Fischer. One of them is Jean-



Louis Boursanges, 65, a member of the European Parliament, for many years, who chaired the Budgetary Control Committee and, later, the Judicial Committee of the European Parliament, and was also involved in drafting the European Constitution. The center-left European politician mainly wants to see an improvement in democratic control of the European executive. Boursanges, one of the key voices on the Paris audit court, learned in Strasbourg and Brussels how important direct exchanges among parliamentarians from the various European countries can be. For this reason, he proposes a new committee to monitor joint budgetary targets and sanctions for violations. It would include the chairmen of the national budget committees, as well as the budget experts among the members of the European Parliament. This committee would debate joint solutions and make regulatory proposals. Boursanges does not believe that any further relinquishment of sovereignty is useful. Under his proposal, decisions would be reached by a qualified majority of the eurozone countries.

‘Germany Has to Pay More’

In France, the country whose people already voted down the EU Constitution once before, the sovereignists are traditionally strong. They are in favour of Europe, but only as a means of expanding French self-aggrandizement, not as a way of limiting it. There is much talk in the French media about the “saut fédéral”, or leap into federalism, which is intended to rescue the eurozone. But in France federalism has a different meaning than in Germany. Socialist Hubert Védrine, one of the staunchest sovereignists, warns against misunderstandings. According to Védrine, the French definition of federalism is “that debts are communitized and Germany has to pay more”. Can this truly be their intention? Védrine, a close advisor to former President François Mitterrand and, from 1997 to 2002, Foreign Minister in the cabinet of then Prime Minister Lionel Jospin, was in government during the introduction of the euro. At the time, he says, the Germans were strictly opposed to safeguarding the monetary union through an economic government, as Jacques Delors, the French Socialist and long-time Commission President, had intended. Védrine says that he was always in favour of an economic government as an inter-governmental solution, provided it is clear who makes the decisions and what is decided upon. But more, he says, is not necessary. Védrine, who teaches foreign and security policy at the Paris University Sciences Po, has no use for the idea of a United States of Europe. He finds the comparison with the United States absolutely “absurd”.

A Lack of Legitimacy

As such, he opposes the proposal by former European Central Bank President Jean-Claude Trichet, whose term recently ended, to create the position of joint Finance Minister for the eurozone. If this new institution had a European budget, says Védrine, and could establish a European budget for everyone else, it would lack democratic legitimacy. For Védrine, budgetary sovereignty is the foundation of the European democracies, and it must remain in the hands of national parliaments. Védrine believes that the European people are unwilling to relinquish more sovereignty to Brussels. Védrine advocates strategic alliances without relinquishment of sovereignty in a strengthened euro club. Greece, he says, would have to withdraw from the euro for a period of time. Euro bonds should

be introduced under strict conditions set by the German paymasters. The individual countries should voluntarily agree to clean up their budgets and stimulate growth. Védrine’s fellow Socialists do not take the concept much further. They favour a European economic government, an independent European rating agency and a financial transaction tax. But François Hollande, a protégé of Delors, who the Socialists have just made their President, would probably not have the power, as President, to take integration much further than Sarkozy has.

Opting Out

Of course, France, like Germany, also has political pundits and experts with less of a stubborn view of the issue. Jean-Dominique Giuliani, 55, who has headed the Robert Schuman Foundation, an important Paris think tank, since 2000, is pinning his hopes on the ability of the German-French axis to revive and even reconstitute Europe. If Germany and France move forward with integration, by agreeing on joint taxes, for example, others will follow, says Giuliani. Germany



and France, as a “couple”, could thus expedite integration - without the Council, the Commission or the Parliament. Giuliani is also banking on a core Europe, arguing that Great Britain and a number of smaller countries are blocking the path toward federalism. According to Giuliani, it is no longer acceptable that all countries have the same amount of say in the EU. “He who pays the piper calls the tune”, says Giuliani. If Germany is to guarantee the debts of countries that have fudged their numbers in the past or have manoeuvred themselves into difficulties, says Giuliani, it should also set the rules. He believes that the Germans and the French need to make sure they receive the necessary respect in the EU, and that those who don’t want to participate can opt out.

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