LECTURE BY THE PRESIDENT OF THE ITALIAN REPUBLIC, GIORGIO NAPOLITANO, AT THE LONDON SCHOOL OF ECONOMICS

"IS THERE A FUTURE FOR EUROPEAN INTEGRATION?"

(London, 12 October 2006)

First of all I should like to thank you for inviting me to speak once again in such a prestigious institution. I gladly accepted this invitation, not least since it enables me, in my present institutional role, to make Italy's voice heard within these walls with proud traditions of free thinking and liberalism on a subject very close to my heart.

These traditions I came to know well during many a visit also to other renowned centres of research and debate such as Trinity College in Cambridge. I often visited there Piero Sraffa, a scholar and an exceptionally gifted thinker who worked in Cambridge for many years and honoured me with his friendship. He was one of those Italians who never lost touch with his native country. During the dark years of the fascist dictatorship he generously and discreetly helped a number of prominent anti-fascist figures.

But he identified himself so closely with Britain and with the scientific community which had welcomed him so openly that he chose to live in Cambridge for the rest of his life.

I am here today to discuss an issue that has been presented to you in the form of a question **:** "*Is there a future for European integration*?"

Although I am a convinced supporter of European unity, thus interpreting and representing a basic and constant tenet of Italian policy and public opinion, I shall not attempt to elude the more problematic and controversial aspects raised by the question. In other words I shall try to avoid taking a conventional and rhetorical approach.

And I shall do so despite the growing tendency, both in Italy and in other member states, to react to oversimplified arguments in favour of European integration with similarly simplistic judgements against.

The history of European integration is undoubtedly a great success story. It tells of a Community which finally leaves behind the destructive rivalries of European powers and their bloody conflicts for hegemony.

Of a continent which, out of the ravages of the Second World War, embarked on a process of integration and liberalization, laying the foundations for its own rebirth under the banner of social market economy.

It speaks too of a family of nations which gradually spread its model of reconciliation and progress to all countries willing to join. It did so by promoting democracy, abolishing frontiers and fostering economic and civil advancement in all the nations which, one after another, became members of a project born in the Fifties. It is the story of a Union which developed its own institutions and mutually-agreed rules together with a common market and a single currency and which aspires today to achieve growing weight and greater authority on the world scene by speaking with one voice.

By surveying the scale and extent of the progress made, what we should ask ourselves is not so much how the Union could have survived so many crises and changes but how it has been able to achieve so much.

And yet our fellow citizens are showing signs of discomfort and concern. The low turnout at the polls in the 2004 European Parliamentary elections and the referendum results in France and The Netherlands on the Constitutional Treaty were clear signs.

Few periods in history underwent such rapid a transformation and such a profound upheaval of political, economic, social and cultural structures. Faced with the complexities of a growingly interdependent and increasingly hard-to-govern world, some of our fellow citizens are questioning the capacity of the European Union to provide adequate solutions to the pressing problems and challenges of daily life.

They include unemployment, immigration, the environment, energy crises, terrorism and other threats to international stability.

Such concerns are particularly felt among young people who, for the first time – and after decades of uninterrupted economic growth – fear that their incomes will eventually grow more slowly than those of previous generations. It is true that such questions arise over issues that often lie beyond the objective responsibilities of the European Union and outside its competencies.

And although national governments bear a fair share of responsibility for dealing with such problems, the European Union represents our most concrete hope for the future.

At a time when opportunities and dangers are global in scope, there can be no exclusively national solution.

There are indications that over the next five years China's GDP will continue to grow at between Eight and Ten percent ; that the United States will grow at between Two and Three percent ; and that the European Union's will average a mere Two percent.

If those trends are confirmed through the subsequent decade, and if emerging economies succeed in achieving their potential, then after 2020 not a single European country would be entitled to sit in a multilateral forum like today's G7.

Only a United Europe can successfully take part in global competition and defend the interests of its Member States in trade negotiations with the rest of the world.

Europe is not lacking in the resources – human, entrepreneurial, scientific and technological – required to overcome its economic difficulties. But it can only succeed in doing so if certain conditions are met.

The single market has to be completed and extended to all sectors, with the removal of all remaining forms of protectionism threatening to compromise the rise of European companies capable of competing on global terms.

Competition between enterprises in the various European countries must be free and governed by clear, mutually-agreed rules. There must be safeguards against any resurgence of nationalistic tendencies.

The Euro Zone – and I know Britain has a vested interest in its stability – needs an efficient development strategy. Coordinated and converging reforms are necessary to make our economic systems more compatible with the demands of rapidly-changing markets.

Governance of the economy alongside the existing governance of monetary policy is essential if we are to overcome the challenge of growth so that we can provide wealth to our citizens and contribute to harness the process of globalization. This will involve opening up our markets to trade from the poorer countries and directing investments towards them. It will also require common rules and guarantees of everyone’s rights.

Europe can only succeed by focusing on quality, advanced technology and innovation. We must invest in human capital and devote more resources to research. We must foster stronger scientific and cultural exchanges within the Union.

Europe used to be the cradle of modern science, the continent where the first universities were born.

We cannot allow ourselves to forget it now that the issue of reinforcing the activities and the appeal of our research institutes and centres of learning becomes a vital priority.

The first universities were originally international in character since they were organized so as to promote collaboration between the various "*nationes*" that composed them. They arose thanks to the mobility of professors and students **;** had it not been for that Bologna, Oxford, Cambridge and Paris would have merely remained local schools. The very word "University" referred to a community of mentors and students from the widest reaches of our continent.

Well, in today's Europe integration cannot be achieved without full freedom to study, travel and work unhindered. Cultural horizons expand in a space that has no barriers. Opportunities for civil and cultural growth arise, as do chances of training and employment for our youth.

Such conditions encourage and at the same time presuppose increased collaboration between scholars from various countries. They promote the creation of Community scientific research centres as the European University in Florence.

The European Union encourages mobility of both students and teachers ; it provides a legal framework for mutual recognition of Degrees, Certificates and Diplomas. It partly finances such mobility by offering grants for students and teachers wishing to attend one of more than 2000 universities in Thirty-one European countries.

The European Union has helped two million young people to study abroad, learn new languages and discover the legacy and cultures of different nations, thus instilling in them a sense of belonging to a single community of shared values. Centuries-old assumptions and prejudices have begun to crumble and disappear.

With their wide variety of forms and great wealth of content, classes taught in Europe’s universities seek to achieve the same common task and goal :

the development of individuals ;

the spreading of a knowledge which consistently promotes a deeper understanding of human and social realities ;

an education truly conscious of its own traditions, but also aware of the possibility and need for continuous evolution and change.

But let me go back to the very beginning of the European adventure.

The resolve of the founding fathers of the European Community and of the generations which came after the war has been crucial to avoid the outbreak of new, destructive conflicts in the heart of our continent.

But that is no longer perceived as a sufficient basis for further integration.

Thanks to more than sixty years of uninterrupted peace in Europe, our youth tend to consider war as a remote spectre, as a threat of no direct concern. At the same time, in a world that is becoming increasingly globalized, they witness the crises and the conflicts, the inequality and poverty, which still characterize so many regions, both near and far from Europe, and perceive them as part of their lives and as a challenge to their own consciences.

No future can exist without a memory of the past. That memory must be preserved. But the Union is called upon to offer new perspectives for the future. By clearly indicating the direction it intends to follow Europe will succeed in fostering a strong sense of European identity in all its Member Nations.

That is the prerequisite for engaging in any ambitious or difficult political undertaking.

It is now up to Europe to consolidate peace over the whole continent, bringing Western Balkans into the Union and contributing to a grand design aimed at constructing peace in the world and creating a more just and secure international order.

This requires a great capacity for joint action in the fields of foreign policy, security and defence.

But although Europe and the world are no longer divided in two blocs, no longer dominated by the confrontation between opposing superpowers, we are called on to respond to challenges and threats that undermine peace and civil coexistence.

Those challenges include rapidly- growing immigration due to a declining birth rate in our countries and pressure from disinherited masses fleeing the world’s poorest regions in search for less inhuman working and living conditions. Defining joint policies in this field thus appears increasingly urgent.

As a matter of fact, the vitality of the European model also depends on our capacity to integrate new forces and energies from the outside – with all their various cultural heritages and different identities – and to bring them into our system of rights and rules.

By developing a fruitful dialogue between Europe's citizens and residents coming from outside our boundaries we shall succeed in strengthening the civil tradition of a continent which has always been influenced by multiple encounters, syntheses and osmoses. For copying with diversity is the very basis of the Union's cohesion.

The threat of international terrorism generated by Islamic fundamentalism, which suddenly emerged with the appalling attack of September 11, must be faced with all necessary means, including Europe's contribution to military missions such as those promoted by the United Nations.

Such a threat requires us to remain open to dialogue between different cultures and religions and to effectively integrate foreign communities. In doing so we should not force their assimilation nor give up to preserving the legacy of principles and values which distinguish our nations and our states.

The development of a common foreign and security policy and the creation of a common space of freedom, security and justice are closely intertwined.

They are two parts of the same objective of reinforcing at the same time the cohesion of European societies and the role of Europe in such a complex world.

Nor can there be any doubt about the importance of the transatlantic ties, the need for intensified collaboration between Europe and the United States, in order to operate a successful strategy of peace and security : a strategy aimed at stopping the advance of terrorism, the proliferation of weapons of mass destruction and illegal international trafficking.

Renewed transatlantic ties are essential to both sides. Unforeseen confrontations lie in store and no superpower can hope to control them alone.

Looking from a European perspective at all the changes that have occurred in recent history we cannot but feel powerfully stimulated to abandon visions that have long been overtaken.

The warning which Jean Monnet issued in concluding his Memoirs in 1976 is more relevant today than ever :

“We cannot stop when the whole world around us is in motion... Today our peoples must, just as our provinces did yesterday, learn to live together under freely-agreed rules and institutions if they wish to achieve the dimensions needed for them to progress and keep control over their destinies. The sovereign nations of the past no longer provide the right framework for resolving the problems of today.”

What those words spoke of was not the need for mere collaboration or traditional alliances between sovereign states but of integration leading to forms of shared sovereignty in which powers are conferred by sovereign nations to supranational institutions.

That was the path which Europe followed in moving to closer unity from the Fifty’s on. It featured a unique combination of new supranational institutions – such as the European Commission and the European Parliament – and institutions such as the Council of Ministers and the European Council, representing Member Nations.

Individual nations did not disappear nor did they lose their own identity. They undoubtedly still retain a relevant role.

This formed the basis for the gradual enlargement of the European Union's membership from Six to Fifteen then from Fifteen to Twenty-five and soon Twenty-seven. The reunification of Europe in democracy and peace was made possible by the fall of the communist regimes of Central and Eastern Europe, the collapse of the Soviet Union and the end of the continent's decades-old division into opposing blocs.

The question now is whether the political will is there in our countries to continue that process of integration.

Or, on the contrary, is there a risk of suspicions and fears prevailing? Is the temptation of settling for less ambitious goals making ground?

Let us face up to those suspicions and fears. What causes misunderstanding and concern seems above all the word "*integration*" **;** the very idea of integration itself.

I am aware of raising a delicate issue here, a question to which the United Kingdom is particularly sensitive because it goes to the very heart of national sovereignty.

My view is that those fears are unfounded.

People have argued that the stated objective of an ever closer integration conceals the aim of completely abolishing sovereign states.

But that was not the expression used in the European Community founding treaty and in the Treaty of Maastricht. What they rather use is another, very different formula, "*an ever closer union among the peoples of Europe*". The potential misunderstanding was, however, taken into account and a different wording was used in the preamble and articles of the Rome Treaty of 29 October 2004.

I should like to dwell a little longer on the significance of that Treaty, not so much to go into the merits of the political debate over its fate.

You already know my strong belief in the necessity to complete the ratification process as a democratic obligation toward those European citizens who have already expressed their will to ratify. Eighteen out of Twenty-seven have ratified so far.

We owe them respect. We should always listen to our peoples' voice.

I rather prefer to discuss here some of the general implications raised by the recent political debate and clarify an issue that may be felt as divisive by European public opinion.

A more widespread fear than the one about the wording I just mentioned concerned and still concerns what is perceived as a creeping expansion of the competencies of the Union, and more specifically the growing initiatives of the European Commission.

This, it has been argued, had happened in the past and could well continue in the future. But a very clear and open debate took place on just that point in the Convention on the Future of Europe held in Brussels from 2002 to 2003.

That discussion aimed at providing satisfactory answers to the concerns voiced by a number of countries, including the United Kingdom.

The new Treaty – in the text then agreed by the Inter-Governmental Conference and signed in October 2004 – set out with unprecedented clarity what the Union's exclusive areas of competence were, and reaffirmed the principles of subsidiarity and proportionality.

A special Protocol was devoted to those principles, in which the various modalities of their application were clearly defined.

Full account was taken of the need to keep the Commission from intervening over-invasively and from expanding its legislative role too much.

Tighter rules were introduced and national Parliaments were given the right to dispute projects submitted by the Commission or other organs of the Union, and if necessary to have them re-examined or withdrawn.

If those are the fears that have grown up in government circles and public opinion in various countries, prompting demands for change in the practices that gradually took ground in the Union, then the 2004 Treaty clearly created the right conditions for bringing about such change.

But another, more important change was and is required to respond to the dissatisfaction with and detachement from the European project expressed by those European citizens who feel left out of the Union’s decision-making process and powerless to influence it.

In effect this raises the question of democracy in the Union. This issue is partly addressed by giving greater power to the European Parliament and strengthening relations between the European and national Parliaments.

But it also calls for new and systematic forms of consultations with civil society and a novel form of participatory democracy as well as social dialogue.

This too, however, was widely discussed at the Brussels Convention, which reached important solutions that were agreeable to all.

Naturally, there can be no strengthening of democracy in the Union if the democratic legitimacy of the European Parliament is put into question, notwithstanding the fact that it is elected by universal suffrage just as any other freely-elected parliament.

Nor can democracy be reinforced in the Union if such legitimacy is recognized only to national institutions and in particular to national parliaments.

These bodies should certainly have a greater voice in the decision-making process, with greater control over the policies expressed by their respective governments in the Council of Ministers, and with more attention to them paid by the European Parliament. But the latter’s role remains crucial.

Lastly, it is right to maintain that many things should change as far as the Union's policy options are concerned – starting with its budget priorities as suggested by a recent report sponsored by the European Commission itself.

Also to be reconsidered is the Union's capacity to effectively implement the innovative policies that have been announced – from the Lisbon strategy to the reform of the labour market. And I'm referring here to the Kok's report.

But difficulty or reluctance in proceeding in that direction largely depends on a lack of political will, or if you prefer on a crisis of political leadership.

And that can be remedied only if decision-makers in all Member States take the time to reflect on the radical changes which have taken place on the world stage and in our own societies. By doing so they become more aware of the renewed need to forge ahead with the process of integration in a Europe that is now reunited.

Modern politics and economics have not just a national or global dimension. There exists also a European dimension as shaped and brought into operation by the integration of our countries in the Community of Six and now in the Union.

Demand for Europe has been growing and is now heard throughout the world.

We have a duty to respond to this call.

And if – as Prime Minister Blair powerfully declared in a speech to the European Parliament in June 2005 – no one wants "*to retreat to a common market*", because Europe is "*a political project*", and the Union is "*a common political space in which we live as citizens*", we must draw the appropriate conclusions together.

First and foremost, we should produce a Treaty which, whatever its name, solemnly confirms the framework of principles, rights, objectives, institutions and rules in which all Members of the Union can recognize themselves after the great enlargement and makes the Union an unprecedented and united community of states and peoples.

No academic dispute over the term *Constitution* can take away this necessity from us.

It should be kept well in mind in discussing how to resolve the crisis over ratification of the Treaty, which was signed in October 2004 on the basis of a difficult compromise reached after long negotiations.

The other consequence to be drawn from a reflection on the lasting validity of the European political project, now more relevant and irreplaceable than ever, is to renew and strengthen the Union's institutions.

It is not enough to claim a Union with projects and results. No one can take decisions and see them through, no one can respond convincingly to their citizens in terms of delivery if the rules for deciding, by majority vote if necessary, are missing and if stronger institutional means are lacking.

Do we really want a common foreign and security policy? Well then, we must, as the 2004 Treaty agreed, provide ourselves with a Minister of Foreign Affairs of the Union supported by a European external service.

We must equip ourselves with a structure for permanent cooperation in the field of defence.

The European Council's unanimous decision in June to participate in a United Nations mission in Lebanon, in a situation critical to the return of peace in an area of crucial interest, represented an important signal of new-found unity and political will at the highest level in the Union.

But we need to create the proper institutional conditions enabling Europe to develop a capacity for initiative systematically as well as an enhanced presence on the world scene.

I will not go into it now, but it is also clear to all of us what new decision-making rules and institutional instruments are needed if the Union is to be allowed to deal with the challenges and threats I mentioned earlier in my remarks.

All of us together need to think of Europe as a community, in the name of its values, its history and its traditions, while we must cultivate a sense of common destiny.

We must turn it into a community capable of action because it is united in diversity.

With this aim in mind, a precious stimulus in identifying the changes needed in how the Union is managed has come, and may again do so, from the United Kingdom.

Your country, with its own sensibility deriving from its own history – but then the history of every European nation is different from all others' – contributed decisively to the birth of the European ideal.

First by standing up heroically against Nazi fascism during the Second World War.

Then by pointing – as Winston Churchill did in a prophetic speech – to the prospect of a "*regional organisation of Europe*" to be undertaken without delay **:** "*If we are to form a United States of Europe, or whatever name it may take, we must begin now*".

And in effect, the great enterprise of European integration was launched some years later with a different name **:** "*Community*".

The endeavour goes on.

It is not over and Europe still needs the United Kingdom as a source of equilibrium on the continent and as an inspiration for its civil and democratic future.

We are about to celebrate the fiftieth anniversary of the Treaty of Rome. But, in the words of that speech in Zurich long ago, we still need "*an act of faith in the European family*".