



## Federal Trust Policy Commentary

October 2007 • The Federal Trust, 31 Jewry Street, London EC3N 2EY • [www.fedtrust.co.uk](http://www.fedtrust.co.uk) • [info@fedtrust.co.uk](mailto:info@fedtrust.co.uk)

# Perspectives for the European Union after the Lisbon European Council

After six years of nervous, ill-tempered wrangling and episodic threats to wreck the entire European Union venture, a new EU Reform Treaty has been agreed by the Union's 27 heads of government in Lisbon. Now the really hard work must begin. The new treaty will be signed in December at the next European Council in Brussels and it appears increasingly likely that it will be approved in all 27 member states by June 2009 when - along with the next direct elections to the European Parliament - it is due to come into force.

Only Ireland will be obliged constitutionally to hold a referendum. Although the first opinion polls show the "Yes" and No" camps evenly poised, many voters will only decide when the referendum campaign begins. Most observers believe that the new treaty will be approved by Irish voters - especially in the wake of what are expected to be a rapid series of Parliamentary approvals next year. It is still possible that a referendum might be required in Denmark. The Danish Constitutional Court will recommend in December whether a referendum is necessary. But since the Danish government has achieved all the concessions it sought in the IGC negotiations, a vote by the Folketing is more likely. However opinion polls suggest a clear "yes" majority if a referendum were to be held. Although some in the Danish Conservative party have become more euro-sceptical, the previously anti-EU left wing Peoples' Socialist Party has become more pro-European.

Here in the UK Gordon Brown seems likely to command a clear Parliamentary majority for approval notwithstanding a significant number of Labour MEPs who have demanded a referendum. In spite of the hyperbolic chorus of "treachery" from the right wing press, the government's position is reinforced by the opposition to a referendum expressed by both candidates for the leadership of the Liberal Democrats. Not all Conservatives MPs will vote "no" when Parliament finally decides after a detailed line-by-line debate on the treaty. The SNP and Plaid Cymru may also abstain or even vote "Yes". However much will depend on how convincing ministers present the case for approval in keeping any Labour rebellion to a minimum. One trip wire mine concerns the opt-out from the Charter of Fundamental Rights - which has angered many pro-European trade unions. Legal experts in Brussels believe that the European Court of Justice will still have the power to make rulings which protect certain labour rights under the Charter.

The resounding defeat of the nationalist/populist Kaczynski government in Poland also greatly improves the prospect for ratification of the treaty - and for a more constructive Polish engagement with the Union in future. There are few if any doubts about the outcome of Parliamentary approval in the other EU Member States including France and the Netherlands.

Discussion of new treaties will now come to a halt - at least until the middle of the next decade when decisions will have to

be taken on the admission to EU membership of Turkey and the remaining countries of the western Balkans. If this final stage of classical enlargement does come about, a further (probably decisive) step to a more consistently democratic, federal European Union will probably have to be negotiated in advance. President Sarkozy has won approval for a "Wise Men" study of the challenges facing Europe to 2030. Although this report will not cover any institutional issues it may set the scene for the debate on the final shape of EU governance in the period to 2020.

In the meantime a great many questions will have to be answered about how the institutional reforms agreed in Lisbon will work in practice. At present no one has much idea how the new long term President of the European Council will function in relation to the 18 month rotating three Member State team Presidencies, to the strengthened office of the High Representative of Foreign and Security Policy (who will in practice be known as the EU "Foreign Minister") and to the President of the Commission after the 2009 European Parliament elections. In spite of some media speculation in the UK, Tony Blair is most unlikely to be nominated for the Presidency of the European Council. The most talked of candidate is the veteran prime minister of Luxembourg (and President of the ECOFIN council) Jean-Claude Juncker.

The Lisbon informal European Council strikingly underlined the ever closer

relationship between the functioning of the Union and its institutions and the now dominant EU global agenda. This not only includes the obvious issues under foreign and security policy (the Middle East, Iraq, Afghanistan and relationships with the United States, Russia and China) but also a rapidly widening agenda of economic, financial and environmental issues. The EU has reiterated its determination to negotiate a global, legally based follow up to Kyoto.

At the same time the EU leaders spelled out the concern (indeed their alarm) at the looming crisis on global financial markets. Fears that unregulated globalisation could bring disaster in its wake surfaced in Lisbon in the discussions about the Wild West style markets in the new financial and investment instruments and the turmoil triggered by the US crisis in the sub-prime mortgage market. The EU wants far greater - legally enforceable - transparency in these "dark side" markets and is considering just what institutions and processes would be needed to bring about greater regulation.

As in so many other areas where the EU aspires to play a more effective global role (think of foreign policy or what follow up there should be to the Kyoto agreement on global warming) the question is raised "Does the European Union have the will to act in as united a way as it talks?". The new EU treaty does not lay down that the European Union should represent its members as a collective entity in the IMF or the World Bank or in the United Nations. But - in reality - that is the direction it will have to take if it wishes to achieve its goals at a global level.

So far even those Member States which are part of the euro single currency group do not yet really act in a consistently integrated fashion. But if they (let alone the 27 EU member states as a whole) are going to push for global agreements on financial markets, on climate change, on sustainable development and - above all - for a new multi-lateral global alternative to great power hegemony in the field of foreign and security policy they will have to learn how to integrate more effectively with or without new treaties.

The most daunting challenge of all, however, may not lie in the ambitions for a greater global role for a multilateralist European Union. It surely is to be found in bridging the yawning divide between the so-called political elites and our

democratic citizens. This divide - it must be insisted - is as much at the national as at the European level. It goes to the heart of the decline in contemporary democratic politics (declining voter participation in elections, imploding membership of political parties, a drift to a suffocating but all inclusive political centrism which erodes a real sense of democratic political choice and a growing suspicion of the democratic political process itself).

The irony is that although the gap between the EU institutions and voters is massive, the space does exist at the European level to explore a greater range of genuine democratic political alternatives. One reason is that an EU of 27 (and more in future), if properly coordinated, would be less inhibited by global pressures from exploring different ways of relating economic growth and competitiveness to social cohesion and sustainable development.

This may also be the only way the European Union can grow authentic political leaderships capable of creating new compacts with voters. A first step in this direction may be taken if the European parties fighting the 2009 European Parliament elections insist on putting their own candidates for the next President of the European Commission to voters for their approval. Without the emergence of such leaderships the European project will remain dangerously dependent on the sclerotic, essentially part time, leadership they get from national governments and national political leaders who find it so hard responding to the realities of the modern world.

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