

Re-Envisioning the European Union

By Vivien A. Schmidt

Abstract: The current conflicting views concerning the future of the European Union presumably require a double departure from the current setup: a departure from the rule of unanimity and from the idea of uniformity. Such fundamental changes would allow the EU to move towards the creation of a true region-state in which differentiated cooperation would be strengthened. This also presupposes a democratization of the European institutions, as well as the development of economic policies that are specific to the European Union.

National debates during the June 2009 European parliamentary elections have demonstrated that disagreements continue in the European Union (EU) about the most basic of questions concerning: What is it? How far should it expand? What should it do in the world? The high rate of abstention in the elections suggests that citizens continue to view the EU as remote and of secondary significance – if not downright boring – while the electoral focus on national issues shows that national politics, rather than EU policy, remain at the center of attention for both national leaders and national publics. And all of this comes at a time when Europe finds itself engulfed in a global economic crisis, as unemployment and poverty rise while production and growth fall, and as some East European member states have had to turn to the International Monetary Fund (IMF) for support while others in the West risk insolvency. This is a moment when EU level action is required, and yet it has great difficulty doing so, especially since it remains in institutional limbo, given the delays to the ratification of the Lisbon Treaty

So how could the EU help remedy these issues? This article suggests that the answer lies in further institutional reforms beyond Lisbon, more EU politics, and greater economic policy innovation. In what follows, I

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begin by suggesting 1) that in order to resolve the EU's "governability" problem we think about the EU as a "region-state" with nation-state members in overlapping policy communities, and adopt new EU rules of the game on institutional decision-making by giving up on the unanimity rule for treaties and on institutional membership by abandoning the uniformity ideal; 2) that we respond to EU and national "democracy" problems by considering new forms of political participation through more politics and pluralism; and 3) that we respond to the problems of "social justice" that arise from the economic crisis by coming up with new EU economic initiatives that are more democratically legitimate and "solidaristic" as well as more economically effective.

Re-Envisioning EU Identity and Institutional Rules

Will the Lisbon Treaty solve the EU's institutional problems? I think not. What the whole constitutional process has demonstrated are the difficulties of reaching agreement under unanimity rules following an ideal of uniformity in application when member states have such different visions of the most basic "existential" questions about the EU related to "what it is," how far it should expand, and what it should do in the world. Without answers to these questions, the EU has difficulty reforming its political institutional rules, let alone responding to the need to improve citizens' sense of empowerment and to find innovative EU solutions to their economic problems.

A New EU Identity as "Region-State"?

The member states have very different answers to questions about the nature, limits, and goals of the EU, given that they have at least 27 different visions of the EU. These visions can nevertheless be loosely divided into four basic, non-mutually-exclusive discourses about the EU (see Schmidt 2009; following Sjursen 2007 for the first three kinds of discourse, Howorth 2007 for the fourth). They include a pragmatic discourse about the EU as a borderless problem-solving entity ensuring free markets and regional security, which is generally characteristic of the United Kingdom (UK), Scandinavian countries, and the Central and Eastern European countries; a normative discourse about the EU as a bordered values-based community, most identified with France and Germany, but also Austria, Belgium, the Netherlands, Italy, and Luxembourg; a principled discourse about the EU as a border-free, rights-based post-national union, attributed to the Commission and to philosophers like Jurgen Habermas (2001), Ulrich Beck and Edgar Grande (2007); and a strategic discourse about the EU as global actor "doing international relations differently" through multilateralism, humanitarian aid, and peace keeping. This has increasingly become the preferred discourse of member state leaders generally, with the EU depicted as "project" rather than "process" (Nicolas Sarkozy) or as having "projects" (Gordon Brown), in their efforts to govern *for* the people in response to global challenges such as economic crisis, climate change, poverty, and terrorism. But agreement on what to do can always be undermined by disagreements on what the EU is and how far it should

expand – whether as widening free market, deepening values-based community, or democratizing rights-based union – not to mention EU decision rules involving unanimity and uniformity.

This brings us to the question: Is it possible to conceptualize the EU in ways that allow these different visions of the EU – borderless problem-solving entity, bordered values-based community, border-free rights-based post-nation union, and global actor – to co-exist? Not if the decision-making processes and future boundaries of the EU continue to be thought about as they have up until now. For the moment, the future is conceived of much as for nation-states, with reasonably clear boundaries, membership as a question of “in” or “out,” uniform rules for all, and unanimity for treaties that decide on major institutional reforms, policy initiatives, and enlargement to new members. This worked well in the past, when the member states numbered 6, 9, or even 12. But at 27 or more, this is a recipe for disaster, as we witnessed with the referenda on the Constitutional and Lisbon Treaties. Today, the unanimity rule, designed for an intergovernmental union of six nation-states, stops the treaty process dead in its tracks while the uniformity ideal imposed by a Commission dreaming of a federal state chokes off differentiated integration. The only real possibility to move forward while reconciling the differing visions of the EU is for member states to recognize what the EU is and to change the decision rules accordingly. This demands new ways of thinking about the EU.

One such way is to conceive of the EU as a “regional state” (Schmidt 2004, 2006), by which I mean an entity with state-like qualities and powers in an ever-growing number of policy domains, with variable boundaries due to its ever-enlarging territorial reach as well as its member states’ increasingly differentiated participation in policy “communities” beyond the Single Market. The “state” in regional state speaks to the EU’s state-like qualities in areas such as international trade, monetary policy (the European Central Bank [ECB]), and jurisprudence (the European Court of Justice [ECJ]). The “regional” in regional state not only modifies the “state,” suggesting the many ways in which the EU is not a state akin to that of the nation-state, including the fact that its members are themselves nation-states in a regional union. It also refers to the fuzziness of the EU’s regional territory – will it stop at the Balkans, Turkey, Georgia and the Ukraine, or continue on to Russia or the other side of the Mediterranean? – and to the variability of participation in its policy communities. Although all member states belong to the Single Market, membership is varied in a wide range of areas, including the Single Currency (with 16 of 27 member states), Schengen (minus the UK and Ireland but with Norway, Iceland, and most recently Switzerland), European Security and Defence Policy (ESDP) (without Denmark but with the participation of Norway in the Nordic Battle Group and with all members being able to opt in or out), the Charter of Fundamental Rights (with opt-outs for the UK and Poland), and freedom of movement of workers, which excludes Romania and Bulgaria until 2014, the other Central and Eastern European Countries (CEECs) until 2010 (except for the UK, Sweden, and Ireland).

If we could talk about the city-state of the past as well as the nation-state of the present without difficulty, why not speak of the region-state for the EU, given this newest of international political forms? The name itself, however, is not as important as the concept, which encourages us to think

beyond the current configuration, and to countenance significant changes in the EU's political institutional organization and processes, in particular with regard to ending the unanimity rule and the uniformity ideal.

An End to the Unanimity Rule?

Speaking of the EU as a regional state without the unanimity rule on EU treaties allows one to envision opt-outs rather than vetoes as the *modus operandi* of the EU. This should not be all that hard to imagine, since the EU has already breached the principle of unanimity in a number of cases, including the UK in the Maastricht Treaty on European Monetary Union (EMU) and the Social Chapter (to which it opted-in as of 1997), plus now the Charter of Fundamental Rights in the Lisbon Treaty; Denmark with Maastricht on EMU and ESDP; and now Ireland, if it passes the Lisbon Treaty, on neutrality, abortion, and its own Commissioner (as agreed in the December 2008 Council meeting). Abandoning the unanimity rule would help avoid the hazards of the current process, in which individual member states have been able to hold the others hostage, delaying the entry into vigor of treaties approved by the others and often watering down measures desired by large majorities in futile attempts to engineer compromise (as in the Social Charter, which was watered down in an effort to get the UK to buy in rather than veto, after which it negotiated an opt out anyway).

In short, what we need is a “*treaty to end all treaties*,” such that opt-outs substitute for vetoes in the “treaties.” Without the unanimity rule, member states could reach agreement on the big policy issues to pursue by allowing the occasional negotiated opt-outs for those members with legitimate reservations about participation in a given area. Agreement itself could be decided by a supermajority of members – whether two-thirds, three-fourths, or even four-fifths (see Monti 2009). By the same token, the requirement of supermajority agreement would not apply to smaller groups of countries interested in deepening their ties beyond where the majority wishes to go, which is covered by the different forms of “enhanced cooperation” discussed below.

The “Catch-22” is that to end the unanimity rule with a “treaty to end all treaties,” the EU would need member state unanimity for its ratification. Without the opt-out option, the member states would not be likely to countenance the supermajority rule for treaties. With that option, some form of treaty to end all treaties is plausible, especially given recent history with regard to the Lisbon treaty. In fact, were the Lisbon Treaty not to be ratified, this new decision rule could come much sooner than one might expect.

An End to the Uniformity Ideal?

An end to the unanimity rule goes hand in hand with accepting more differentiated integration for the member states, and an end to the uniformity ideal. This would again recognize the reality on the ground, that is, that the EU has already given up on uniformity in policy areas other than the Single Market, such as EMU, Schengen, ESDP, and the Charter of Fundamental Rights as well as on uniformity in territory through its range of openings to non-members through “economic areas,” “neighborhoods,” and “partnerships.” It would also acknowledge the future prospects of differentiated integration through enhanced cooperation.

The beginning of the end of the uniformity ideal (much as with unanimity) came with the UK opt-out in the Maastricht Treaty on the Social Chapter and EMU. The principle of differentiation was officially recognized, however, when “enhanced cooperation” was written into the Amsterdam Treaty (albeit in unworkable form), modified marginally in the Nice Treaty, and made workable in the Lisbon Treaty through “permanent structured cooperation” for defense and security policy and “enhanced cooperation” for all other policy areas by allowing nine participant member states to move forward as a last resort decision when the Union as a whole cannot attain those same objectives within a reasonable period (Treaty of Lisbon, 2007/C 306/22/2). This could promote significant progress in a range of policy areas, such as ESDP, fiscal harmonization, immigration policy, even health care.

Permanent structured cooperation, for example, would allow European Security and Defence Policy to advance through the creation of new integrated structures, better use of resources, and more coordinated action (see Howorth 2009). Enhanced cooperation could encourage, say, interested eurozone countries to go ahead with greater fiscal harmonization (so long as the opt-outs don’t undercut the very purpose of the community); allow for the creation of “immigration zones” that group together countries with similar immigration or asylum policies, e.g., the CEECs, the Mediterranean countries, and Continental Europe; and might even lead to the creation of “pools” for health care provision among countries sharing borders. This would be especially useful in countries where cross-border medical shopping upheld by ECJ decisions has increased pressures on welfare states by eroding their borders (Ferrera 2005).

Differentiated integration is only increased by the “outside insiders” like Norway, Iceland, and Switzerland which participate in the Single Market as well as in a range of other EU policy communities such as Schengen and ESDP but don’t have a vote. It is complicated by initiatives like the Bologna process for higher education harmonization, which was set up outside the EU by EU member states, includes most member states (but again not the UK) as well as many non-EU states across Europe, and was aided financially and administratively by the Commission. Such differentiated integration will be further extended by the Eastern Partnership, as well as by the developing Mediterranean Union would, of course, take differentiated integration even farther.

The only thing yet to be floated is the concept of graduated membership for countries on the EU’s periphery which are candidates for accession (now or in the future). Why shouldn’t the EU take the next logical step, by declaring that membership is no longer a matter of “in” or “out” but a longer term question of “in which areas” or “out of which areas.” For a country like Turkey in particular, it would help avoid the likelihood that in 15 or 20 years time it would have been turned off by the non-democratic, hard-bargaining accession negotiations led by the Commission, the ever-present possibility of veto (by Austria or France), and the ever-growing number of *acquis communautaires* negotiated without it (Schmidt 2009). Moreover, graduated membership would be a spur to countries on the EU’s borders to continue to liberalize and democratize in hopes of joining, thus enabling the EU to maintain its “power of attraction” (Leonard 2005), which could be lost if it fixed its borders at any given point.

Graduated membership would also ensure socialization into the consensual policymaking style of the EU – something that was lost on Poland, for example, as a result of the non-consensual hard-bargaining of the accession years – as well as better compliance with EU rules, given the gradual nature of the accession process, by contrast with the precipitous and arguably premature accession of some CEECs, in which politics trumped compliance. And finally, graduated membership need not be seen as a slippery slope, in which one foot inside the EU guarantees full membership in the end – as the French might fear with the case of Turkey. Rather, it is more akin to a long and winding road which gives both EU member states and prospective members the time to get to know one another by engaging with one another as equals in one policy area after another – rather than as principal and supplicant – leaving both the time to decide whether they want continued accession into more and more areas or not.

But such graduated membership would only be attractive to prospective members, as well as to outside insiders, if it were to come with institutional voice and vote in the sectors in which they participate. This inverts Romano Prodi's promise to the neighbors of "everything but institutions," since the institutions need to come with policy participation, and both gradually. Otherwise, for countries in the EU's periphery, why try to meet the criteria demanding significant democracy and market opening when neighborhood policy allows entry into the European market with criteria that are more exhortatory than real with regard to democratization? And for countries like Norway, Iceland, or Switzerland that already participate in the Single Market in myriad ways, what is the value-added of graduate membership if they don't have voice and vote in the areas in which they participate? Graduated membership with institutional voice and vote is important not only to attract partial members but also to ensure that the policy decisions are not only the best ones because everyone has a say in them but also because they are thereby the most legitimate (see Schmidt 2009).

How an EU with graduated membership would work in any given policy area is open. Some areas may not need much formalization, with the EU Commission operating as the administrative support link, as in the Bologna process for higher education. In others requiring significant institutionalization, by contrast, we could take a page from European Monetary Union, which already has a kind of graduated membership (in which some member states are in, others out), with highly developed institutional voice and vote for its members through a restricted Council of Ministers (the Ecofin); with a central decision-making body, the ECB; and with the Commission to police eurozone members or to warn non-members of any violations. If ESDP, for example, were to develop substantially using the "reinforced structured cooperation" procedure under the Lisbon Treaty, it could ensure institutional voice and vote through a Council of Defense Ministers made up of participating members; central strategic coordination through an EU Security Council similar to the US National Security Council; a clear division of member states into groups based on capacities and potential inputs so as to optimize synergies, resource sharing, and generate better outputs; the integration of neighbors such as Georgia and Ukraine into the policy process, much as is already done for Turkey, an EU caucus in NATO, and more (see Howorth 2009). The Single Market would

be notionally easier to manage, since inside outsiders like Norway already sit on expert committees with regard to standard harmonization and have voice but no vote, thus serving as a model for other soon-to-be graduated members. The question would be how to work out EP representation. But even here, non-members have had delegations to the European Parliament, as in the case of the 2004 and 2007 accession countries, participating in discussions even when they have not had the vote.

Some might ask what such a European region-state does to identity, and whether it doesn't actually destroy any possibility of reconciling the four differing vision of the EU. The opposite would be the case, since it would enable countries with opposing visions, in particular those of the EU as market vs. the EU as community, to co-exist. Those countries with visions of the EU as a borderless free market and security area could maintain this while participating in the Single Market and, say, ESDP. Those with visions of the EU as a values-based community could sustain this while participating in most policy areas or even deepening their integration through enhanced cooperation. Those with a rights-based vision would be satisfied by the EU's continued democratizing influence in its periphery. And finally, all of this would reinforce the strategic vision of the EU as global actor, since the EU could continue to exert its "power of attraction" with regard to its neighborhood, to enhance its reach by deepening inter-regional as well as intra-regional cooperation, and to improve its influence through reinforced structured cooperation in defense and security policy or humanitarian intervention.

Re-Envisioning EU Politics and Economic Policy

Re-envisioning the EU as a "region-state" while reforming its decision rules may help solve problems related to what the EU is, how far it should expand, and even what it should do in the world. But this does little for democracy. The development of the EU as a supranational governing body has particularly affected the traditional workings of EU member states' national democracies.

The Problems of EU Democracy

As I have argued elsewhere (Schmidt 2006), the problem for EU "democracy" is that it splits between supranational and national levels the four basic democratic legitimizing mechanisms that tend to operate simultaneously in any national democracy. Nation-states combine – in Abraham Lincoln's famous dictum – political participation *by* the people, citizen representation *of* the people, and governing effectiveness *for* the people – plus, adding a preposition, *with* the people through interest representation. The EU's "region-state," by contrast, is split between the national level – which has much more citizen participation *by* the people and representation *of* the people – and the EU level – which has more governing effectiveness *for* the people and interest consultation *with* the people.

This split in legitimizing mechanisms does not in and of itself mean that the EU taken as a whole is democratically illegitimate. On the contrary, the EU benefits from national governments' legitimacy *by* and *of* the people through the indirect representation afforded by national executives in the Council and their implementation of EU rules through national administrations as well as by the (weaker) direct representation afforded by the European Parliament (due to be strengthened by the Lisbon Treaty). There are also good arguments to be made for how the EU's governance *for* the people does things for the member states that they cannot do on their own, such as creating the internal market, speaking for the member states in international trade negotiations, and establishing a European currency with the European Central Bank to coordinate member state monetary policies, including responses to the economic meltdown. Moreover, one could also argue that governance *for* the people comes out of European Court of Justice rulings that engage in market-correcting in such areas as gender equality, regional equality, environmental protection, and pensions for mobile workers (Caporaso and Tarrow 2008). Similarly, we could also show how the EU's governance *with* the people gives voice to a whole range of actors who may be marginalized in their national politics, and whose common interests are better expressed at the EU level, such as trans-national networks of activists who have promoted EU and national gender equality and sexual harassment laws through a "ping-pong effect" of interacting bottom-up and top-down pressures for reform (Zippel 2006).

But all these positive aspects of EU legitimacy notwithstanding, the split in legitimizing mechanisms causes significant legitimacy problems for democracy in EU member states by putting pressures on national politics. The central problem is that EU decision-making *for* and *with* the people is largely characterized by "*policy without politics*" – as the politics of national interest in the Council of Ministers, the politics of the public interest in the European Parliament, and the politics of organized interests in the Commission predominate (Schmidt 2006, pp. 30-3). This makes for depoliticized EU policy debates that do not resonate with European citizens, who are used to the left/right divides of national debates and often worry about EU policies on left/right grounds, especially because they have no direct say over them (Schmidt 2006, pp. 163-8; Barbier 2008, pp. 231-5). Moreover, EU level "policy without politics" generally tends to obscure the real politics that lie behind many policies – something that became all too clear with the controversy over the Bolkestein directive on services. Equally importantly, the kinds of market-correcting decisions seen positively from a EU level perspective as promoting apolitical governance for all Europeans can be seen negatively from the national level perspective as a politically neo-liberal destruction of national labor and welfare systems – the case not only of the Commission's initial proposal for the services directive but also the ECJ decisions in the Laval and Viking cases curtailing national unions' rights to strike (Höpner and Schäfer 2007). More indirect, negative effects on national welfare states are also attributed to the pressures on eurozone members from EMU (Martin and Ross 2004). But whether seen as negative or positive in intentions and/or effects, there can be little doubt that the EU has disrupted traditional welfare state boundaries (Ferrera 2005). And all of this in turn raises questions about whether the EU really does govern effectively *for* the people.

The effects of EU-level “policy without politics” on national economic arrangements are not the only problem. EU level “policy without politics” has also engendered increasing “*politics without policy*” at the national level (Schmidt 2006, pp. 33, 163-71). As more and more policies are removed from decision-making, national politics is emptied of substance in policy area after policy area, thereby impoverishing the national political arena (Mair 2005, 2006). Citizens have responded to this in a variety of ways. These include electoral demobilization – as seen in plummeting citizen participation in elections, despite momentary spikes in game-changing elections; electoral volatility, as voter dissatisfaction leads to rapid cycling of governments, especially in the Central and East European countries; and electoral radicalization. Some citizens have moved far to the right – blaming EU sanctioned immigration for unemployment and EU institutions for the loss of national sovereignty and identity. Others have moved far to the left – blaming off-shoring to Asia, “near-shoring” to Eastern Europe, and liberalizing EU institutions for challenges to long-standing labor institutions and the welfare state. Yet others have turned to interest group politics, joined social movements, and supported INGOs in actively trying to make a difference. This is certainly more effective, but that problem with all such “pluralist” policymaking processes *with* the people, whether at the global, EU, or even national level in big nation-states like the US, is that “civil society” is increasingly “expertocracy” (Skocpol 2004), and thus removed from actual citizens. Citizens themselves have very little input, other than European Parliamentary elections. But these don’t address the policy issues about which they are often most concerned. The only times citizens have the opportunity to voice their opinions directly about EU policy of late have been the referenda Constitutional Treaty – in which in response to a question about institutional reform they have tended respond on policy, often by saying “no.”

How have EU member state leaders responded to this range of pressures on national politics and rising public concerns about Europeanization? Not in ways that would serve to attenuate public concerns or ameliorate the legitimacy problems. Generally speaking, the Commission has consciously sought to depoliticize EU policy by presenting its initiatives in neutral or “reasonable” language, and by using communications techniques such as its “Plan D” for democracy (Barbier 2008, pp. 231-2). National leaders have been perfectly happy with the depoliticized language of EU level “policy without politics” because this leaves them free in their national capitals to put any kind of political “spin” of the left, right, or centre on EU policies.

As for what they say about those policies, rather than discourses legitimizing the transfer of decision-making responsibility upwards to the EU as the way to solve national, European, and global problems *for* the people, national politicians have tended to engage mainly in blame-shifting and credit-taking. On policy issues, national leaders tend to blame Europeanization for unpopular policies because “the EU made me do it” and to take credit for the popular ones without ever mentioning the EU – largely because this suited their short-term electoral goals (Schmidt 2006, pp. 37-43). On “polity” issues, or the EU’s institutional impact on national democracy, national leaders have generally been silent – except at moments of treaty referenda, when it was too late, as we saw in France, the Netherlands, and Ireland. As such, they have not even acknowledged

the problems of decreasing national democratic access to decision-making, let alone attempted to remedy them. In all of these cases, national leaders only increase citizens' sense of powerlessness in the face of supranational forces to which they must adapt, and over which they have no control. And Commission officials only make it worse when, in pronouncements after referenda, they insist that they will go ahead regardless of voters' views.

So what is the answer to the problems of politics in the EU, in which the ways we normally think about democratizing nation-states are not open to this region-state, at least for the moment. A duly elected president and a fully empowered parliament are not on the agenda, given the lack of a sense of European collective identity and will. Moreover, increasing the power of EU level institutions could only further increase citizens' sense of powerlessness unless we find ways to increase their input into national as well as EU level decision-making and respond to their concerns about the EU's impact on national labor and social policy. And this, above all, requires more politicizing and pluralizing of the EU.

Toward New EU Politics?

There have been many proposals for political reform, too many to list let alone to go into detail here (for one, see Hix 2008). Most such proposals focus on increasing *representative politics*, or governance *by and of* the people at the EU level. There is little question that politicization could have negative effects on governing effectiveness *for* the people (Majone 1998; Scharpf 2007; Schmidt 2006, p. 270), by introducing yet another source of division into deliberations already burdened by considerations of national, public, and special interests among 27 member states and more, if graduated membership were to go into effect. The end of "*policy without politics*" could in turn lead to stalemates that would only increase citizens' disaffection from and dissatisfaction with the EU – in particular if the decision rules regard unanimity and uniformity remain unchanged. This said, "*policy with politics*," if done right, need not unduly affect governing effectiveness at the same time that it could have positive effects on citizens' sense of identification with the EU and its political legitimacy.

Politicization, in any event, will be increasingly hard to avoid, given the awakening of the "sleeping giant" of cross-cutting cleavages in member states, with the rise of splits between pro-Europeans and Eurosceptics in mainstream parties of the right and the left (van der Eijk and Franklin 2004), and the likelihood of much more hotly contested, politicized EP elections than in the past, even if they remain second-order elections with high levels of abstention. Once the Lisbon (or equivalent) Treaty comes into force, politicization is likely to go farther, given the election by the European Parliament of the Commission President. This could engender political campaigns across Europe in EP elections, with primaries organized by the major EU political parties across Europe. All of this could be a good thing for democracy if EU-wide political parties become stronger, if they produce platforms with ideas on policy and polity issues that resonate with citizens, and if this in turn produces real debates across the EU about what it should do. Moreover, all such politicization could also contribute to the perception of increasing legitimacy of the EP as representative of the people.

The EP's increasing legitimacy cannot be based on electoral politics alone, however. It needs to be linked to greater EP input at the beginning stages of policy formulation. Reforms here could involve linking relevant EP members and committees to the Commission's expert committees in the comitology process. Even without this, however, the Commission could lay out the political dimensions of its policy initiatives, rather than presenting them as purely technical, while the European Parliament could do more to debate the issues (Magnette 2003). In addition, the EP could be more fully connected to national parliaments – and needs to be, way beyond the provisions in the Lisbon Treaty. This may be the only way to ensure greater national parliamentary engagement with EU issues, beyond the few that become topics of Europe-wide controversy, such as the services directive.

Another remedy to EU legitimacy problems would be through more *pluralist politics*. This is a national task as much as an EU level one. At the national level, political leaders' discourse should make it clear to national publics that national governments are not the only voices which can speak for national interests and values, but that citizens can and should have more direct input into supranational decision-making – as a way of circumventing the “expertocracy” that in Brussels as well as in national capitals increasingly speaks in place of “the people.” In addition to informing citizens of the pluralist nature of EU governance *with* the people, they need to help citizens to organize themselves so as to gain access and influence in European decision-making – providing funding, information, and strategic advice – as opposed to trying to avoid citizen involvement. Moreover, they need to put procedures into place to enable citizens to participate in the national formulation processes focused on EU decision-making. All of this would also afford the already activist citizens and social movements better access and input at both EU and national levels.

The EU could also do more to bring citizens in. It already has a range of mechanisms for group citizen access at the EU level, although expertocracy is indeed a problem. Some of the rules of trans-national membership for EU funding of eligible groups, moreover, are problematic for public interest groups that tend to be organized nationally. In addition, the EU could do much more to facilitate cross-border citizen initiatives, as a supra-national “community organizer,” as it did with the Bologna process.

At the national level, the EU's open method of coordination (OMC) also has great potential with regard to bringing citizens into EU-related adjustment processes. In addition to the economic focus on flexibility and employability of the European Employment Strategy (EES) is the social concern with inclusiveness and poverty alleviation in the Social Inclusion OMC. Until now, however, the OMC's potential has not been realized. It remains mainly government exercises (Zeitlin and Pochet 2005).

Toward New EU Economic Policies?

Finding ways to politicize and pluralize the EU can work only if the EU does more with regard to policy initiatives that address the socio-economic concerns of the citizens, in particular at this time of economic crisis. But what to do and how to address such concerns is not easy, given not only EU decision rules (on unanimity and uniformity) that make for difficulties in reaching collective agreement on such issues, but also EU ground rules

that focus responsibility for social solidarity on member states alone. In addition to finding ways to counter the effects of decisions taken without attention to the politics, as discussed above with regard to the Commission and the ECJ in cases like the services directive, Laval and Viking, there are a range of economic initiatives that could help with EU identity as well as politics.

Here, I offer just a few ideas, some of which were floated already a number of years ago. For example, in light of the EU's clear need and desire to promote freedom of movement of workers and the unfeasibility of create a uniform EU minimum wage, why not institute an agreement on EU-wide relative standards for wages – related to a percentage of the national median income – and for (subsidized) social assistance (Scharpf 2003). In other areas, we should consider revisiting suggestions floated a number of years ago intended to increase EU-wide social solidarity, such replacing the Common Agricultural Policy (CAP) with a negative income tax for the poor (Schmitter 2000). Alternatively, in particular since any serious reform of the CAP is years away, why not set up a social assistance fund by collecting, say, five euros per citizen through nationally-based income tax. Let's call it the European solidarity tax (to build citizens' sense of EU identity), and use it to replenish the Globalization Adjustment Fund in order to deal with the certain rise in unemployment and inequalities resulting from today's global economic crisis. In this context, moreover, why not create a "rapid reaction force" to help countries deal with their social problems, in particular the poorer regions without the administrative capacity or resources to do it themselves.

Finally, we definitely need some means of funding a financial lending institution of last resort that could be an alternative to the International Monetary Fund (IMF), to bail out EU member states in dire macroeconomic straits. One of the most disappointing aspects of the European response to the economic crisis is that the member states retained the principle of "every man for himself" with regard to weathering the storm. It made sense that the member states refused to create a bailout for the East European countries alone in response to the *cri de coeur* of the Hungarian Prime Minister against the creation of a new economic iron curtain. But it does not make sense for the EU to leave it to the IMF to bail out its East European members, especially since the IMF conditions of one-size-fits-all, with budgetary austerity and other measures, are the opposite of what these countries need. In a situation in which the failure of East European banks will have boomerang effects on West European ones – we need cite only Austrian and Swedish banks – and that the slowdown in East Europe will have spillover effects in Western Europe given the interconnectedness of the economies, the answer is to have a European equivalent of the IMF. A European Monetary Fund (EMF) would be able to tailor its responses much more closely to European issues, and it is needed not only by East European countries but also by West European ones, given talks of the dangers of insolvency for Italy, Portugal, Greece, and Ireland, possibly even Spain, along with EU neighbors like the Ukraine. The EMF need not replace the IMF but act in concert with it, as another source of funding with a different set of objectives, that would be better tailored to the economic needs and realities of EU member states. The creation of an EMF would also help build greater solidarity and reduce distrust among member states at a time where this is most needed.

Europe, like the rest of the world, is in for hard times economically. The EU, which is already suffering politically from a legitimacy deficit, needs to do more to win back hearts and minds. One way is through the EU acting as a global strategic actor on initiatives *for* the people with regard to financial markets, climate change, terrorism, and so forth. But the more everyday Single Market policies themselves need rethinking, in particular the pursuit of “negative integration” when this undermines areas at the very core of national citizenship and social solidarity, and thereby risks further alienating the public and delegitimizing the EU itself. Any such re-envisioning of the EU’s socio-economic policy, however, needs to be done in concert *with* the people, and *by* the representatives of the people at both national and EU level through politically informed debates and deliberation. This in turn requires re-envisioning the EU’s political decision-making processes in such ways as to increase democratic access to decision-making at the EU and national levels.

In addition to the political and economic reforms, however, the EU needs to re-envision its identity and change its decision rules. Without some reconceptualization of what the EU really is – a region-state consisting of a regional union of nation-states in overlapping policy communities – along with a revision of its rules, by eliminating the unanimity rule and uniformity ideal, it will continue to suffer from institutional stumbling blocks to action both internally and externally. It is not just that the lack of ratification of the Lisbon Treaty has made EU leadership a game of chance. It is that unanimity rules for treaties make it hard to construct common EU global policy initiatives while the uniformity ideal on top of this makes for policy stalemate and/or dilution. Both together make it very difficult to clarify what the EU is, how far it should go, and what it should do in the world, given tensions between EU “widening” as a market, security area, or human rights promoter and EU “deepening” as an identity-enhancing values-based, political union able to agree on and take global action.

Once the principles of unanimity and uniformity are abandoned, membership of the EU “region-state” need no longer be seen as an all or nothing proposition. Beyond certain basic membership requirements – being a democracy which respects human rights and participates in the Single Market – member states could opt out of the policy “communities” of which they do not wish to be a part without stopping the other members from going forward. Where supermajorities of all member states cannot be attained, enhanced cooperation would allow smaller numbers of member states to move forward on new initiatives in a wide range of areas, from “structured” defense policy to immigration zones and health pools. For the Single Market, which all members need to buy into at the outset, the supermajority rule plus exceptional opt-outs would be allowed so long as they do not undermine the functioning of the policy community. Accession, moreover, would become a gradual process of differentiated integration with institutional voice and vote, policy area by policy area, once the initial conditions related to democracy, rights, and market are met. This would help avoid the “big bang” of accession (or rejection) after long years of hard-bargaining, provide on-going socialization into the EU’s consensual

policymaking, ensure implementation of EU rules, and promote continued democratization.

Instead of detracting from identity or making a political Europe less manageable, the elimination of the unanimity rule and uniformity ideal plus graduated membership with voice and vote would enable the EU to move forward faster with more efficiency as well as legitimacy. In a region-state of 500 million inhabitants in the current hard borders, and many hundreds of millions more in the neighborhood as potential “graduated members,” unanimity and uniformity plus in-or-out membership are much more likely to undermine progress and alienate citizens.

If we were to imagine what the EU as regional state would look like on a map, we would likely over time find a rather large core of deeply but not uniformly integrated members, mainly in Continental and Mediterranean Europe, including some of the CEECs, with a bit less integration for the UK, the Nordic countries, and some other CEECs, and even less as we move eastwards beyond the present borders of the Union. Elsewhere, I have suggested that this is neither a “*Europe à la carte*,” as those who envision the EU as a borderless free market might wish, nor does it encourage retreat to a “*core Europe*,” with one dish for all, as those who envision the EU as a values-based community might desire. Rather, this is an elaborate “*menu Europe*” with an ever-expanding range of courses, with a shared main dish (the Single Market), everyone sitting around the table and engaging in the conversation, although some individual countries might occasionally opt to sit out a course while other groups of countries might choose to partake of a new course together (Schmidt 2008). If we add graduated membership to this, we could imagine additional guests joining the diners at the table for particular courses and, slowly over time, partaking of more and more dishes even as they learn the manners of the table and the rules of the conversation. At the same time, moreover, they, just as those diners who occasionally opt out of a course, would be able to see how much their fellow diners relish the other dishes, in order to decide when and if they will opt in later. The result is likely to be an “ever closer Union” with greater “unity in diversity.”

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