

Turku University Lecture, 30 August 2019
European Integration under Test
Helen Wallace: draft check against delivery

It is a pleasure and a privilege to have been invited to speak here today. I came to Finland for the first time in, I think, 1986 or early 1987. I had been intrigued by the development of the relationship between the European Community (as it then was) and the family of members of the European Free Trade Association (EFTA). My curiosity led me to learn about countries that I had not previously visited and to make many new friends. I searched for a scholar in each of the EFTA countries whom I could conscript to be part of a team engaged in a collective and comparative project. Here in Finland I found Esko Antola who at the time was a real pioneer in European studies in Finland. It was such a relief to find a colleague who would be able to contribute so capably to the project.

At the outset the project was focused on how to develop a form of partnership that we came to know as the European Economic Area (EEA). However, already in spring 1988 on another visit to Finland I met Paavo Lipponen, who was at the time a journalist. I vividly remember him saying to

me that very soon it would become clear that Finland was interested in potential full membership of the EC even though others were not yet ready to say so in public. It was also from Finnish interlocutors that I began to hear speculation about the imminent collapse of the Soviet Union. ***What a paradox*** – there was Finland, a country which had had its nationhood suppressed for centuries first by the Swedes and then by the Russians, in the process of deciding that membership of the EC would be precisely a means to establish its own national sovereignty and collaborative independence. And nowadays here are politicians in the United Kingdom in the process of arguing that membership of what is now the European Union (EU) does precisely the opposite by compromising our sovereignty and turning us into a vassal state. Finnish historians can tell us what being a vassal is really like!!!

On the other hand, Finland and the UK have it in common that they made the prior members of the EC very nervous about the prospect of their becoming members of the EC. After all General de Gaulle vetoed UK accession to the EC twice, fearing that the UK was not ready for membership and might prove a disruptive partner. Let us also recall for a moment the origins of the EEA as an offer in January 1989 from Jacques Delors, then President of the European Commission, an offer designed to deter the neutral members of EFTA from seeking EC membership. I remember only too vividly from the

period anxious references to the thousand-kilometre border between Finland and Russia, which might become part of the external frontier of the EC.

How differently things have turned out. Finland has become a mainstream full member of the EU and a keen contributor to its collective security, after a successful accession process. On the other hand, the UK became a singular and exceptionalist member state and now is embarked on a process of secession – a process which is depressingly untidy. So, it seems, Finland adds value to the EU family while the UK takes away value – let's come back to this a little later.

One of the prices that we British pay for the Brexit process is that it overwhelms the news channels about what goes on across Europe. I reckon myself to be relatively well informed on what goes on in the EU but these days I feel increasingly ignorant and disconnected. Yet from the continent, from the mainland it seems that the Brexit story is tucked away in a kind of political silo. The EU27 across the EU institutions have simply not allowed the Brexit business to disrupt the rest of their work – and it is to this latter that I now turn.

First a word or two about **the context** and **then the questions** that I want to feed into our discussion. Well the context is very tough and troublesome. We Europeans face great external challenges both regionally

and globally – and we face a range of internal challenges in Europe and in our domestic spaces. I say ***we*** to insist that we British remain Europeans even if we find ourselves outside the EU tent. Each of us can have a go at listing the external challenges and we might well reach easy agreement on the headlines: the US led by President Trump and his dislocating preferences and behaviour; Russia led by a president with uncomfortable preferences and behaviour; China an ascendant but idiosyncratic global power; a multilateral system that is creaking and cracking; the middle east caught in the grip of persistent turmoil; the explosion of population sizes in countries unable to support the resulting demography. Need I go on? No easy options here for Europeans to pursue and diminished leverage for Europeans in this complex world.

Internally the context is not any more comforting. The domestic politics of many EU member states are in flux and subject to potentially long-term disruptive change. Our economies are being stretched and stressed and not only as in the UK case where we are engaging in a prolonged process of self-harming. Our political party spectrums are increasingly fragmented and idiosyncratic. There is a widespread mood of populism, although we should be wary of how we describe and seek to explain this – my own view is that there is not a single wave of contagious populism.

The core question that follows is **whether or not the EU is fit for purpose** in addressing these challenges. And what would fit for purpose mean? Let me suggest some criteria: first, economic capability and performance of course – I leave it to Olli Rehn and Nicholas Véron to tackle this topic as they choose. A second criterion is political resilience. A third is policy responsiveness. A fourth is procedural robustness. And depending on how we assess the score sheets on these criteria there is a further question as to whether or not further reforms are needed to the EU operating system in order to improve its performance and to make it more fit for purpose.

Political resilience: this is a difficult factor to pin down especially in that the political resilience of the EU depends both on the transnational level of activities and on developments within member states, not least within those with the greatest influencing shadows. Now is an opportune moment to reflect on the past 5 years of EU activities under the Juncker Commission and the Tusk-led European Council, as the changing of the guard looms ahead and brings to the fore politicians not yet tested in these kinds of roles. There has been a period of interesting and rather impressive renovation within the European Commission. Some real success has been achieved in making the Commission remember that it is a College and in giving responsible substance to the designation of the Vice-Presidents, including of course Jyrki Katainen.

There has been a welcome cohesiveness in the way that the Commission has handled its agenda and responded to a succession of tricky issues, with more visible political priorities, more centralized legislative programming, and more political withdrawals of proposals. The role of full time President of the European Council has worked smoothly in the hands of Donald Tusk and his team. The Council of Ministers has become more explicitly argumentative in that voting procedures are used more than in the past, with nowadays only around 50% of issues agreed without contestation, but we need to be careful in how we judge this – a vote may be only an abstention and the calling of a vote is often so as to move next business rather than to resolve a major disagreement. By and large the interactions with the European Parliament have been constructive – no big rows and more frequent use of inter-institutional agreements to expedite legislation. Whether the European Parliament recomposed after the 2019 elections will be so constructive a partner remains to be seen.

Particularly impressive has been the cohesiveness of the EU 27 faced with the Brexit challenge. I shall come back to this a little later but let me just emphasise now that so far the EU 27 have made two signal achievements. First, they have stuck together with astonishing consistency – and much to the surprise of UK governments. Secondly, they have been resolute in defending

the core concerns of Ireland as the EU member state most vulnerable to collateral damage as a result of Brexit. This determined solidarity is an impressive example of a very central reason for the existence of the EU in providing a guaranteed safety net for a member of the family. Whether or not such solidarity would be extended to any vulnerable member state is a matter for speculation.

The picture of domestic politics across the EU member states is less encouraging: the reign of Mutti Merkel is close to the end with questions about what kind of politics will follow her in Germany. Uncertainty persists as to whether Emanuel Macron promises a miracle or a mirage of political reform in France. Italy is experiencing political convulsions. Poland and Hungary are both going through disturbing political and constitutional developments that test their compatibility with core EU values and the criteria for accession to the EU. The political landscape is changing in almost all EU member states – for some countries the EU provides a stabilising anchor, while for others it adds complications. No clear outlook here and no indication as to what the timeline of transformations might be in this or that country.

Policy responsiveness: I guess that each of us will make her own judgement on where the priorities lie for needed policy responsiveness. Here my own starting point is to avoid overloading the expectations of what it is

plausible for the EU to take on by way of ambitions and attempted instruments. I am a subsidiarity supporter, ie it is preferable for the EU to be able to show a realistic track record as regards what lies within its collective grasp. Thus, let's take one tempting example, namely the disturbing data on rising social and income inequality in many parts of Europe. Of course, this is indeed a huge challenge, but my own inkling is that there is more to be done on this as appropriate within individual member states than by collective EU action. Where the EU may have a role to play is in subjecting its various policies to an inequality impact test rather as has been attempted on other kinds of impact assessment in the hope of avoiding counterproductive outcomes – some messages here for the eurozone countries.

Let me flag three other policy areas as ones which seem to me to need the EU to come up with some tools: the climate emergency; the digital revolution; and the migration issues. These are all three pressing and all three cross bordering. For none of the three can the EU provide definitive solutions – indeed it would be disingenuous and counterproductive for the EU to make large claims. However, all three are policy areas where the EU already has some tools and could further develop them and where European voices count in broader global discussions. It is interesting to note that in the evolving discussions about the next round of top appointments to the EU institutions

these issues have been ventilated. A note of caution, however, not least for the nominated next Commission president – bandwagoning is not the answer, but rather what is needed is a set of carefully crafted approaches that can achieve incremental and cumulative achievements.

Procedural robustness: why do I distinguish the procedural from the political? One of the distinctive features of the EU as an entity is the character of its ways of working. Across the decades since its creation practitioners within the EU institutions (and their predecessors) have repeatedly invested in establishing ways of working, institutional devices and, crucially, legally embedded rules as the core procedural code for managing business. This approach has been one of the huge successes of the European integration process – maybe ***the*** greatest success. Here in essence is the Monnet method bequeathed to his successors by the talented Jean Monnet.

So, my question is then how well has this procedural method stood up to recent tests?? I take Brexit as my example. The EU was entering unknown institutional and political territory when the Brexit issue came on to the table. Previous ‘secessionists’ from the EC, namely Algeria and Greenland, hardly counted as useful precedents for handling the UK case. There was no road map for secession. But – but – there was a roadmap for handling an accession

process, as well as incidentally a well-established procedural road map for dealing with the negotiation of trade agreements with ‘third countries’.

Immediately a procedural code snapped into place. Piotr Serafin, the hugely experienced and streetwise *chef de cabinet* of Donald Tusk, overnight in response to the UK referendum result wrote a framing paper on how the EU 27 might handle the consequences – no coincidence here that Poles who had experienced the outside-in process of accession should find themselves in such a pivotal role in framing the inside -out process. Michel Barnier – ex-Commissioner albeit no longer a serving Commissioner – was quickly designated *chef de file* by President Juncker and backed by a taskforce team composed of some of the most talented and experienced Commission officials, a model well known from earlier rounds of accession negotiations. Individual directorates-general of the Commission were kept on a pretty tight rein in their dealings with the UK as the secession negotiations evolved. The legal framework was kept in tight focus as the discussions continued. Interesting in this context are the parallels in the ways in which relationships with the UK were envisaged, on the one hand, and those with Switzerland, on the other hand. Taskforce Article 50 then set about identifying policy area by policy area, chapter by chapter, with designated teams in each directorate-general the issues that would need to be resolved for what they hoped would be an agreed

and thoughtfully negotiated secession. Olli – you well remember the accession version of this procedure and process!!

The score sheet: how then to evaluate the recent EU record?? I invite you all to attach your own assessments. My own overall assessment is that under all these headings there is indeed a mixed record BUT – I repeat BUT – a record that provides substantial evidence of reassurance about the survival and sustainability of the EU process one way or another. For those of us who value the EU process this is comforting – but not alas a guarantee of future capability.

Let's ponder for a moment or two on some scenarios for the future development of the EU

There is a range of potential scenarios that might develop in the EU:

- **Scenario One:** Traditionally one scenario recurrently favoured by some policymakers and some commentators has been ***a big leap towards a political union*** in the European Union, albeit one that might not carry with it all of the current membership. I was always a little sceptical about the viability of this scenario and these days it looks to me somewhat improbable. I find it hard to see how a majority of EU member states would or could sign up for such a big leap forward. Some people still argue for at least a version of this centred on the membership of the eurozone. I am not convinced that even this is

plausible – and for myself I would regret an outcome which caused an even bigger divide between the eurozone and other members of the European family. And I would regret an outcome which became so dependent on positive referenda in this or that EU member state – remember 2005 [France and The Netherlands]!!

- **Scenario Two:** At the other end of the spectrum we now have to consider *a disintegration scenario*, that is to say the unravelling of the European project. Of course, personally I hope that this is not a likely scenario but there are some troublesome indicators as I have commented in my previous remarks. I noted a couple of years ago a comment by Frans Timmermans, one of the Vice-Presidents of the European Commission, who admitted that for the first time in his 30 years of involvement in the EU a disintegration scenario could now be imagined. Brexit complicates this picture of course, which I deeply regret. And, yes, of course, I recognise that English language sourced commentaries are particularly prone to setting out disaster scenarios. We could have quite some discussion on the plausibility of such a stark scenario. It needs some thoughtful and meticulous analysis by social scientists as well as sober reflection by practitioners.
- **Scenario Three:** Perhaps a more plausible scenario is that we could see the continuing development of persistently varied degrees of integration across the continent. This would presumably include some reinforcement of the mainly eurozone group. It is less clear than it used to be how far the Schengen members can reinforce their cohesion, given the stresses and strains around the migration and refugee issues. And it is also less clear than it used to be how far there is a leadership group of member states on foreign and security agenda, again not least with the

prospect of the United Kingdom outside the European Union. Overall this scenario is one of a patchwork version of European integration, whatever label we might stick on it – variable geometry, multi-speed, concentric circles and so forth. And there are tricky issues here about the governance and institutional requirements to enable a patchwork scenario to work. By the way – I have a serious track record in making patchwork quilts – so very happy to discuss!!

- **Scenario Four:** My preference was always for a ***scenario of less but better***, a different version of this – namely a European Union with less promiscuous ambitions and a tighter focus on the key issues for transnational collaboration, more flexible, and more pragmatic. This would focus attention on making the system work rather than being tempted by frequent changes of the operating system. It would concentrate on making the core policy areas deliver substantive outcomes and resist adding to the policy portfolio and especially in the areas of policy where there are legitimately differences of practice, priority and culture among the member states. This scenario would leave some space for a country such as the UK to play an influential role in some key policy areas – and indeed it is this kind of scenario that has been favoured by UK governments in the past. Alas too many of my compatriots have failed to understand this. It would also leave more space for all member states some space for finding accommodation for tricky domestic particularities without disturbing too much the collective edifice. Alas Brexit rather knocks this scenario on the head.

The temptations and illusions of reform: so should we expect to be – or desire to be – in the business of supporting another round of ambitious reform?? The potential policy priorities identified above don't need new rules or competences except perhaps re migration which is a field that is very contested. My own view is that it makes much better sense to let the case for reform be framed by compelling evidence on policy substance rather than to set the targets as empty shells to be filled later. Interestingly in the early 1979s a thoughtful head of division in the European Commission led the argument for strengthening the EC's environmental role. His name – Stanley Johnson!!!! He was led by the compelling policy evidence rather than by abstract institutional objectives.

In any case ambitious treaty reforms require ratification by each and every member state. We should surely by now have learned the perils of depending on ratification processes that spread widely out into domestic processes and which provoke contestation on whether or not to reset the boundaries of the integration project. To require such a high political price for the next integration steps seems not at all wise!! My advice is much more modest, namely to remember Jean Monnet, to recall the value of taking sometimes experimental sometimes evolutionary steps in an agreed direction

– and to let the record then speak for itself as a record of practical achievement.

This brings me ***back to Brexit***. I am very well aware that the kind of scenario that I have just highlighted is very British – indeed it is a scenario that a good many British Europhiles have favoured – and it carries fingerprints of the British approach to the EU across the past 40-odd years. Thus we can infer that there are those who will argue that – given an EU liberated from the hesitations and negativities of the British – there is indeed an opportunity for a great leap forward. Here the argument would in essence be that de Gaulle was right, that not only were the British ill-prepared for the integration project but that we would also put obstacles in the way of other more ambitious members. Here I caution that we should beware of the seductions of this argument. Actually British hesitations for over 40 years have been largely met by being allowed so much British exceptionalism – the budget rebate, outside the euro, outside Schengen. It is just that so many British people have not understood how much particularism other member states have allowed us.

But we should also not jump to the conclusion that other member states are just waiting to escape from British shackles in order to develop big new ambitions. I remind you that it was the referenda in France and The Netherlands in 2005 that brought to an end the Constitutional Treaty. I also

remind you that there are enough indications of hesitations in many other member states for a more pragmatic and evolutionary approach to make better sense and to carry more chances of success. So my support remains firmly with the Monnet method!! And this is quite Finnish in character!!