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Inside the Laboratory of Euro-governance

European Governance (EG) is the new quarterly online journal of URGE, the 'Unità di Ricerca sulla Governance Europea' which has been operating at the Collegio Carlo Alberto of Moncalieri since the end of 2003. A prime goal of the journal will be to present URGE's outputs in terms of research and policy thinking. An equally important aim will also be, however, that of hosting contributions of those leading international scholars who are currently shaping the debate on the future of Europe.

In line with URGE's approach, this journal will adopt a broad perspective and pay attention to all kinds of political processes through which the territorial system(s) comprised within the EU borders strive to produce solutions to collective problems. According to a well-known definition, governance connotes 'governing without government'. Now, governments have certainly not disappeared from the European scene; the last three decades have actually witnessed a proliferation of governmental structures and levels – both supranationally and subnationally. There has been, however, a significant erosion of the 'sovereign' character of governments: they are no longer the ultimate and pre-emptive authorities for their own citizens and territories. The notion of governance starts from here: it aims at describing and explaining how a territorial political system can produce solutions to collective problems in the absence of a clear-cut and stable hierarchical order and boundary configuration.

Between the XVI and the XVIII centuries, Europe invented the nation-state and 'government' in the modern sense of the word. Today, in the wake of the integration process, the old continent has become the world's most advanced laboratory of experimentation of new modes of post-national and post-statist governance. What are the emblematic characteristics, the most promising manifestations of these new modes of governance? What can we say about their effectiveness and legitimacy? These basic questions will inspire the editorial line of this journal, constituting a sort of *fil rouge* that will run through its articles, from the more speculative to the more descriptive and policy oriented.

This first issue opens with the contributions of Vivien Schmidt and Jan Zielonka. These leading scholars have recently authored two debate-shaping books on the nature, challenges and future prospect of the European polity. In their original essays written for EG, they revisit their arguments and relaunch the discussion with new insights and proposals. The other two articles present some ideas from URGE's research on the EU social dimension. Together with the market economy and representative democracy, the nation-based welfare state has been one of the most important and successful creations of modern government in Europe. The adaptation of welfare state programmes to economic opening and the reconciliation between the economic and the social sides of the integration process have emerged as daunting challenges for the EU. Will the new forms of governance be able to meet this challenge? Our journal pledges to monitor developments on this critical front, to put forward some new ideas and proposals and – last but not least for a hopefully good journal – to stimulate an interesting and vibrant discussion. (m.f.)

Democracy in an Enlarged European 'Regional State'

by Vivien A. Schmidt

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Things are looking up for the EU. The institutional crisis linked to the failure of the Constitutional Treaty in 2005 looks like it will finally be settled, as member states have agreed to a new Treaty. But although the immediate cause of the crisis may be resolved, the underlying sources of the crisis remain. This is because the much-talked-about democratic deficit is a much more serious problem at the national level than it has ever been at the EU level.

As the EU has enlarged, it has served to unbalance the traditional workings of national democracies. But national leaders have done little to adapt national governance practices in response to the new EU-related governance practices nor have they done much to renew national discourses in light of these changes. National leaders continue to project traditional visions of national democracy as if nothing has changed, even though everything has changed. Worse, they engage in blame-shifting or credit-taking on the EU-related policy issues while remaining silent on the EU-related polity issues except at defining moments, when it may be too late – as in the cases of the referenda on the Constitutional Treaty in France and the Netherlands. Most importantly, all of this contributes to the current crisis of national politics, which is where the democratic deficit related to the EU has its most serious effects. This is because the EU is characterized largely by *policy without politics*, which makes for national *politics without policy*.

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To understand the impact of the enlarged EU on national politics, however, we first need to know what the EU is. The EU bears little resemblance to the nation state. It has for a long time has been described as *sui generis*. But more recently it has been portrayed as a 'neo-medieval empire' (Zielonka 2006), which nicely evokes the indeterminateness of the EU's borders but does not do justice to its formalized internal governance system; as a future republic (Collignon 2004) or a future superstate (Morgan 2006), both of which are admirable projections of possible futures, but which do not sufficiently reflect the present. I see the EU as a 'regional state', characterized

by shared sovereignty, variable boundaries, composite identity, highly compound governance, and fragmented democracy (Schmidt 2006a). The EU's characteristics as a regional state not only make it very different from any nation state, they also create difficulties for its member states, in particular in terms of their impact on representative democracy.

In what follows, therefore, I begin with the question: What is the EU with regard to questions of sovereignty, identity, and boundaries? I then go on to consider issues regarding democracy in the EU and its impact on national politics, to conclude with the question, can we resolve the democratic deficit?

EU Sovereignty, Identity, and Boundaries

As a regional state, the EU is first of all characterized by a shared or 'pooled' sovereignty (Keohane and Hoffmann 1991) which is linked not only to recognition from the outside (as with all nation states) but also to acceptance from the inside, from its member states, policy area by policy area. While the internal building of EU sovereignty began with the end to tariff barriers and took great leaps forward with the single market and the single currency, the EU's external recognition as a sovereign region is already evident in international trade, competition policy, and the Eurozone but certainly not, as yet, in security and defense or in foreign policy. Importantly, however, even these areas have been Europeanizing, despite the fact that they represent some of the last vestiges of nation state sovereignty for member state leaders, and disagreements do flare up from time to time – most notably in the case of the Iraq war. Interestingly, national publics have consistently (in Eurobarometer surveys year after year) been most in favor of Europeanization in these very areas. Public support of EU common defense and security policy, for example, has fluctuated between 68% and 79% in the EU-15 between 1992 and 2005, for an average of 73.4% (Howorth 2007, 60).

Given this kind of shared sovereignty between the EU and its nation states turned member states, the EU's identity is necessarily composite. EU citizens maintain a

stronger identification and sense of belonging to their member states than to the EU. Eurobarometer polls have shown time and again, however, that although European citizens' primary sense of identity is centered in their own member state, close to a majority have a composite European identity, with the European second to the national. This said, although the EU's *being* is therefore quite weak compared to the national level, its *doing* is strong, given how much member state governments have engaged in building the EU through policymaking in an ever-increasing number of domains (Howorth 2000). The only problem with this is that while the doing by national governments as well as by organized interests has been increasing exponentially over the years, national citizens *qua* citizens have had little direct involvement with the EU other than as voters for the European Parliament (EP) which is not much judging from the high abstention rates and the fact that EP elections have tended to be fought on national rather than European issues.

The questions related to the EU's identity, however, are not just matters of *being* or *doing*. They are also matters of *saying*, because the EU depends upon the member states to speak for it. This national leaders have done neither very well nor very much, as will be discussed below. The further difficulty for the EU is not just that national leaders are also engaged in the task of building national identity, and therefore are less likely to consider building that of the EU. It is also that there is a plurality of nationally imagined Europes, as the member states imagine the EU through their own lenses of national identity and purposes. And this in turn makes it very hard to have a common sense of identity akin to that of a nation state. But instead of a sense of 'nationhood,' perhaps this composite identity based on overlapping understandings of the EU is what constitutes 'regionhood.'

The shared sovereignty and composite identity is also a function of the EU's variable boundaries. The EU's boundaries are variable not only in territory but also in policies. It is not only that we do not know where the EU's *finalité* will be – will it stop at the Balkans, the Ukraine, Georgia, Turkey? Even the US fifty years hence (if it abandons capital punishment)? It is also that the EU's policies other than those related to the Single Market have highly variable geometry: Schengen borders do not encompass the UK and Ireland but include non-members like Iceland, Norway, and most recently Switzerland. Denmark is not a member of the European Security and

Defense Policy (ESDP) but all members can opt in or out of missions. The Eurozone encompasses only 13 of the EU 27, with some member states semi-permanent outsiders because of official opt-outs (i.e., the UK and Denmark) and others only temporary outsiders (i.e., the new member states) (Dyson 2007). Even more significantly for the nation state integrity of the EU's member states, as Stefano Bartolini (2005) has argued, European integration has led to a 'process of nation state boundary transcendence, resulting in a process of de-differentiation of European polities' after a history of five centuries of progressive differentiation into nation states. This also applies to the very boundaries of the welfare state, as Maurizio Ferrera (2005) has shown, despite the clear lack of EU jurisdiction in this area.

This variability in policy boundaries, which will only increase as the EU grows wider through future enlargements and deeper through future policy developments, has two potential benefits. These will be operative, however, only if the future is conceptualized with the EU as regional state (rather than future nation state) in mind, and only if a greater variation in potential institutional arrangements is accepted within the EU as well as with bordering countries.

Within the EU, such institutional arrangements could encompass 'structured' or 'enhanced' cooperation – already in the Nice and Amsterdam Treaties in unworkable form – or even 'core groups' that would engage deeper integration in particular policy areas for member states which need and/or desire an 'ever closer union.' These are likely to be realized in defense and security policy (ESDP), in particular among the bigger military players, as they further rationalize defense spending and focus on strategic capacity, but also with smaller players increasingly specializing on 'niche' capacity. Enhanced cooperation could also occur among countries in the Eurozone, for example, by engaging in closer cooperation on macroeconomic policy or in harmonizing fiscal policies. But even pensions policy for similar kinds of welfare states could see increased cooperation, say, for the Scandinavian social-democratic welfare states.

On the periphery of the EU, moreover, in particular with bordering countries, policy boundary variability could facilitate the membership process at a time when this is politically difficult, since the issue of membership would no longer be an immediate matter of 'in' or 'out' but would become a longer term question of 'in which areas'

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or 'out of which areas.' This would enable countries like Turkey in particular to become a part of the EU slowly but surely, policy area by policy area, avoiding the 'big bang' of membership in ten, fifteen, or twenty years...by which time Turkey might be seen as a perfectly acceptable partner even to Austria or France. Failing this, over the next decade or so, Turkey is likely to become completely turned off by an accession process which continues to dangle the sword of Damocles over whether it will be allowed 'in' even as the EU member states negotiate without it an ever-growing number of *acquis communautaires*.

With this conception of the variability of the boundaries of the EU as regional state, the EU is likely to be able to continue to exert its 'power of attraction' with regard to its neighborhood, promoting continued democratization in its periphery. At the same time, moreover, it is also likely to continue to be able to build identity and commonality among its member states. Enhanced cooperation will help this, as EU member states with a desire for closer union will be able to govern together in ever-growing numbers of policy domains. The result will be overlapping constituencies, with some countries tightly connected across most policy areas, others loosely connected to a number of policy areas, and yet others operating within only a couple of areas – but all covered by the Single Market. A core group present in all policy areas could therefore emerge, likely to contain all the original members (France, Germany, the Benelux countries, and Italy) plus some newer entrants (e.g., Spain, Portugal, Austria, Greece, and Slovenia). This would overlap with a number of other countries which have opted out or are not yet in some key areas, such as the euro (the UK, Sweden, and Denmark and all but Slovenia of the 2004 and 2007 entrants), Schengen (the UK and Ireland as well as the 2004 and 2007 entrants), or the Charter of Fundamental Rights (the UK and Poland). These very same countries may nonetheless play major roles in other areas, such as the UK with regard to security and defense. Border countries, moreover, could have a seat at the table in those areas in which they participate (although how this would function institutionally would have to be worked out): Norway and Switzerland for the internal market; Iceland and Norway with regard to Schengen; Turkey, at least initially, in the internal market and ESDP, in which it already plays a significant operational role; other neighboring countries like Georgia and the Ukraine, in the internal market.

To give countries a seat at the table for those policy areas that concern them is important for the democratic decision-making process. This is as appropriate for Norway,

which contributes large amounts of funds to the EU in exchange for being part of the internal market, and which has to implement all regulations regarding, for example, harmonization of product standards without having any vote (although it does attend meetings), as it is for Turkey. In the case of Turkey, in fact, why not allow it to become an active participant in decision-making in any given EU internal market policy area once the negotiation of the accession chapter has been agreed – without having this relate to the 'in' or 'out' question of membership? That very question becomes moot, in fact, once membership is seen as a gradual process of integration, with different degrees of membership rather than an all or nothing proposition. Thus, the notion of 'privileged partnership,' rather than being seen as an alternative to membership and a turn-off to aspirants, could instead be understood as the beginning of a process of partial membership through participation in a given domain which could then be extended if and when appropriate and desired by both parties.

This notion of graduated membership in the 'regional state' could also open the way for inter-regional cooperation. We already see this in the interaction between the EU and the US with regard to the harmonization of regulatory standards. It is the very essence of the Bologna process in higher education, which is outside the EU and yet sustained by it, and includes a large number of non-EU member states alongside EU members. But this overlapping of constituencies and jurisdictions could also be a way of conceiving of the interrelationship of the EU and the newly-proposed EU-Mediterranean Union.

Some might object that conceiving of the EU as a regional state with graduated membership would destroy the ideals of deeper and closer European union and undermine any development of a European identity. The opposite is the case, since such a conception could help generate a kind of pan-European identity based on common European values of democracy in a more open and freer market going to the Urals and beyond without in any way ruling out deeper and closer union for those core countries which participate in a wide range of policy areas. But while such pan-European identity combined with shared sovereignty in an ever-enlarging territorial union characterized by greater or lesser degrees of policy integration may help solve some of the problems of how to conceive of the EU as an international political form, it does nothing for another fundamental problem of the EU: the question of democracy in the EU and the impact of the EU on national politics.

Democracy and Politics

The EU's very institutional presence makes for problems in national politics and representative democracy more generally. Although European integration is not responsible for the crisis in representative democracy, which is a more general problem (see Dalton 2003), it further contributes to the crisis in its member states in ways not found in traditional nation states. This is because the EU member states, as part of a 'regional state,' do not have the same flexibility in responding to citizen concerns as in a traditional nation state at the same time that citizens do not have the same ability to express their concerns effectively through voting. Whereas in nation states, citizen concerns can all be dealt with directly by nation state governments, for better or worse, in EU member states, many such concerns have to be dealt with through common policies in the EU, for better or worse. And whereas the citizens of nation states can make their approval or disapproval of national government policies clear directly, through voting the government in or out, the citizens of the EU's member states cannot 'vote the scoundrels out' at the EU level. As a result, they tend to hold national politicians accountable for policies for which they are not fully responsible, over which they often have little control, and to which they may not even be politically committed.

The special problem of the EU, then, is related to the institutional realities of EU 'politics' and its impact on national politics. EU politics has little in common with national politics, given its lack of a directly-elected president, a strong legislature, and vigorous political parties and partisan competition. At the EU level, national partisan politics has been marginalized, as party differences and left-right political contestation have been submerged by the general quest for consensus and compromise (Ladrech 2002). Most importantly, however, EU politics is not really much about politics in the traditional sense of party and partisanship, since it is mostly about interests. National ministers speak mainly in the interest of the nation as a whole in the Council of Ministers, the European Council, and the Intergovernmental Conferences rather than as representatives of national governmental majorities. Members of the European Parliament speak much more for the 'European' public interest rather than as representatives of electoral majorities. And members of the Commission speak more with in mind their consultations with organized interests than with any

specific political goal. The upshot is that the EU consists largely of '*policy without politics*'.

Moreover, EU level '*policy without politics*' makes for national '*politics without policy*,' as increasing numbers of policies are removed from the national political arena to be transferred to the EU. This leaves national citizens with little direct input on the EU-related policies that affect them, and only national politicians to hold to account for them (Schmidt 2006). This has already had a variety of destabilizing effects on national politics.

The direct effects of the lack of EU politics can be seen in the increasing divisiveness of national party politics in EP and national elections, whether over EU policies or the very fact of integration (Mair 2006; van der Eijk and Franklin 2004). European Parliament elections, moreover, have already complicated national electoral politics by acting as referenda on government performance and by adding another source of cleavage to national party politics, with the division between pro- and anti-integration forces further complicating the left/right divide (Gabel 2001; Hooghe and Marks 1999; Mair 2006).

The indirect effects are of even greater concern for national politics, however. These follow from the Europeanization of national policies which, already depoliticized at the EU level, are further depoliticized at the national because taken out of the national political arena. EU-related policies are likely to be treated in the national legislative arena as merely technical matters, to be passed through national parliaments without debate and administered by national administrations. This is depoliticizing to the extent that it reduces political parties' policy options, policy instruments, and policy repertoire, which in turn hollows out party competition and devalues national electoral competition (Mair 2006).

What is more, it impoverishes national political debate because once these Europeanized policy sectors are taken off the national political agenda, they are no longer the focus of national leaders' communicative discourse to the public. National leaders, for obvious reasons, don't tend to talk about that over which they don't have much control, and about which they don't depend for re-election. Instead, the public hears a lot about social policy, education, pensions, public service reform, health services, and the whole range of purely national issues over which national leaders have focused their political agendas, without much reference to Europe (see Koopmans 2004).

The knock-on effects of EU-related depoliticization

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are even more serious, serving to demobilize some voters and radicalize others while pushing yet others into alternative forms of participation. On the one hand, citizens may turn away from traditional representative politics – demoralized by the lack of national politics and consequently demobilized electorally. This can be seen in the lower rates of participation in national as well as EU voting (Bréchon 2002, 103). Instead of demobilization, however, citizens may on the other hand be mobilized to vote for the political extremes. The rise in populist extremist parties on the right in particular are testimony to this, whether new third party movements in majoritarian systems such as the extreme right National Front in France or flash parties in multi-party systems such as Pim Fortuyn's radical right party in the Netherlands.

Rather than becoming demobilized or radicalized with regard to voting, however, citizens may instead turn to interest-based politics in the EU or to other forms of non-party-based activism, whether conventional interest group politics, advocacy politics, or social movements, whether focused on influencing the policy process or the legal system via appeal through the national courts to the ECJ. This is not necessarily a bad thing, given that voting is a blunt-edged instrument, little able to parse through the complicated questions arising from decisions that have become more and more technical. In this sense, the rise of such 'procedural' or associative democracy through more interest consultation at the EU level – if truly open in access and transparent in process – is a necessary corrective to the vagaries of electoral politics. But this rise in associative democracy may still not be very satisfying correctives to citizens concerned with representative democracy. Other correctives, such as direct democracy, in particular through referenda, engender other problems. At the same time that referenda increase citizen access, they add to an electoral marketplace that is already experiencing a glut through the proliferation of elections between national, EU, local and regional. This can result in voter fatigue and, therefore, less rather than more participation (Dalton and Gray 2003). Moreover, on EU referenda, one inevitably gets national answers to European questions.

Although politics is a large part of the problem for democracy in Europe today, in particular as political parties on the left as well as the right become politicized along integration/sovereignty lines, and as voters become demobilized or radicalized on EU-related issues, politics

is also part of the solution. But only if national leaders come up with new legitimating ideas and discourse for Europe and new ways of bringing politics back into EU policy-making.

The current problems with regard to the impact of the EU come at least in part from the failure of national politicians to communicate and deliberate with national publics about the 'polity' issues, that is, the EU-related changes to national practices as they relate to questions of sovereignty, boundaries, identity, and democracy. And

those problems have only been made worse by the fact that when political leaders have talked about the changes to national policies, in particular economic ones, the discourse has been mainly one of shifting the blame for unpopular policies – claiming that 'the EU made us do it' – while taking the credit for popular policies, often without even mentioning the role of the EU. All of this has been grist for the mill for the political extremes. The

problem today is that leaders' long-standing discourses no longer say what their countries have been *doing* or what they have *become*, thus doing little to build EU identity. Moreover, because national leaders often fail themselves even to recognize the impact of the EU on national politics, they have not even begun to think about how to revitalize national democracy, say, by finding new ways to bring citizens back into the decision-making process.

Conclusion: Can we Solve the Democratic Deficit?

In short, for democracy in the EU to cease being a problem, national leaders and publics need to talk and think more clearly about who they are and where they are going, together in the EU as well as individually within each member state. They require not just new narratives about the EU – beyond peace and prosperity – but also new narratives about what being in Europe means to national democracy.

For the EU level, a new narrative already exists with regard to its role in the world, that of a 'normative power' engaged in multilateralism, respectful of the rule of law, and promoting democracy through its 'power of attraction.' However, the EU also needs a new way of thinking about itself in the world, which I have proposed here to be a supranational 'regional state,' as a way to accommodate continued expansion along its periphery without undermining the growing sense of *being* and *doing* of its central core of member states. Continued expansion to bordering countries, moreover, policy

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area by policy area, is also a way to ensure the spread of democracy in the periphery without undermining democracy in core countries.

For national level, the member states also require new narratives and new practices. But both have to come from the inside. For the narratives in particular, each member state needs to go rethink its national understandings of democracy and reevaluate its national visions of Europe.

Ideas and discourse alone, however, are not enough to solve the problems for politics in the EU. This also requires institutional remedies. At the EU level, implementing any number of the reforms proposed in the failed Constitutional Treaty which have found their way into the new Treaty, are steps in the right direction. These include closer relations with national parliaments, citizens' right to petition, the constitutionalization of the Charter of Fundamental Rights, and giving the EU a single voice through a non-rotating Council President and a foreign minister equivalent will also help.

The big question, however, involves whether or not the EU can or should be politicized. One way to do this would be by getting the Commission to lay out the differing possible left/right political positions on any given issue, which to date have always been presented as purely technical matters (Magnette 2003). Another way would be to hold forums on the policy issues, say, by having members of the European Parliament and/or the Council debate the issues along partisan lines. Yet another way, and the one most likely to occur, is to give the parliament the right to elect the Commission president (see Hix 2005). The danger here is that the election of the Commission President in particular would introduce partisan politics into the EU's 'policy without politics,' turning the formally non-partisan Commission President into a political persona. Introducing such partisan divisions could very well undermine whatever governing efficacy the EU still has. We have already seen the problems resulting from the appointment of Commission President Barroso in response to the demands of the right-wing majority of the EP at the time-raising questions of trust and accusations of neo-liberalism, in particular by the French left during the referendum campaign in 2005. But if we assume that the EP election of the Commission President will happen nonetheless at some point soon, given the pressure for it, then the question is: how to ensure that the EU will not be paralyzed by partisan conflict, in particular if the majority in the EP that elects the Commission President is different from the majority in the Council which appoints the Council President. A partial solution is to accept partisan polarization in the election of the Commission President,

but to expect that person, once appointed, to act more like the compromise-promoting and consensus-focused head of a grand coalition government in a country with a proportional representation system such as Germany as opposed to the polarizing head of government in a majoritarian system like the UK.

At the national level, democratizing reforms are also in order, given that the EU has altered the traditional workings of all national democracies. Because more and more decisions are taken at the EU level, national governments need to find new ways to bring the citizens back in. And they need to do this not only with regard to the EU level of governance, by helping citizens to organize themselves in ways that would enable them to gain access and influence in Brussels. They also need to do it at the national level, by bringing them into national decision-making processes focused on the EU. They may even need to rethink the organization of national democracy itself. For any of this to happen, however, national leaders need to recognize the problem, and to begin to speak about it with national publics. Will it happen? Hope springs eternal.

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Governance and Democracy in the Enlarged European Union

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Most students of European politics agree that the recent waves of enlargement have transformed the EU beyond recognition. However, here the consensus ends. We still are at odds in trying to identify the implications of this historic transformation. Two questions are at the centre of the current debate. How to govern the ever larger Union? And does enlargement enhance or pervert democracy in the EU? These questions are particularly painful after the failure of the Constitutional Treaty leading to an uneasy compromise on the Reform Treaty agreed in October 2007. The Union was supposed to reform its institutions prior to the eastward enlargement, but it was only able to produce the Treaty of Nice, which even the greatest Euro-optimists find unsustainable. Enlargement was also to be organized in a gradual

manner, but instead we saw a big-bang enlargement in two stages that brought into the EU ten diverse post-communist countries together with Malta and Cyprus. Can this vast and highly diversified EU space be governed in any efficient and democratic manner? This paper will try to address this question. It will argue that the key to proper management of cascading diversity is to embrace institutional flexibility and differentiation. Successive EU enlargements have made hierarchical governance inadequate if not obsolete. The paper will also argue that greater flexibility and differentiation can enhance rather than undermine European democracy by bringing governmental structures closer to Europe's citizens, and by relying on incentives rather than punishments.

Governance and diversity

Governance means various types of regulation of social relationships and the underlying conflicts by reliable and durable means and institutions (see Jachtenfuchs 2001, 246; for various different definitions of governance see Rhodes 2000, 55-63). There are many possible modes of governance and some of them are better suited for coping with diversity than others. The question is: what kind of changes ought we to aim at? As in the past, the main battle is between two opposite camps; one supporting a hierarchical mode of governance and the other supporting polycentric, multilevel or network forms of governance. The former camp envisages a clear hierarchical structure with a strong centre of authority in Brussels, while the latter envisages a multiplicity of various overlapping functional regimes governed from different centres across the continent. For the former camp governance is about engineering and steering, while for the latter camp governance is about networking, reflecting the principles of flexibility, subsidiarity, devolution and differentiation. The former camp advocates strict monitoring and sanctions for non-compliance with the *acquis communautaire* while the latter camp see compliance as largely voluntary and based on incentives. One can multiply the contrasting features of these two models.

Hierarchical governance is manifested in the EU's daily practice. For instance, the European Commission now initiates nearly 1,000 infringement procedures per year and asks the European Court of Justice to impose ever higher penalties for member states failing to comply with its rulings in infringement cases¹. Enlargement policy is also run in a hierarchical manner with little room for manoeuvre by candidate states. A similar blueprint is applied to all candidates and across various functional fields. The full adoption of the *acquis communautaire* by applicants is a condition for accession and the applicants are subject to intrusive guidance and screening.

Supporters of the hierarchical mode of governance were particularly vocal in the recent constitutional debate. They hoped that the European constitution would not only delineate the competencies of European institutions but also establish a clear hierarchy among them. They wanted to give central institutions in Brussels broader powers and a visible 'face' in the form of a Union President². They advocated strengthening of the European bureaucracy to

police the implementation of the treaties and to execute strategic guidance and steering.

Supporters of the hierarchical mode of governance also demand greater economic, political and cultural convergence among member states and they insist on a strict distinction between EU members and non-members. They are sceptical about or even hostile towards any kind of pillarization, devolution and differentiation in the Union's law and policy. They try to ensure that EU laws are detailed, rigid and hard. They insist that the *acquis communautaire* has to be applied fully by all members without exceptions and call for an efficient system of monitoring and sanctions to ensure that member states comply with the *acquis*. Subsidiarity is a suspicious term for them. They argue that solutions such as subsidiarity or flexibility are not only vaguely defined but also quite dangerous because they disrupt the unitary nature of the EU institutional system and create unworkable procedures of decision making. In fact, they often see greater flexibility and differentiation as a step towards disintegration.

New modes of governance

New modes of governance are seen as an alternative to hierarchical modes of governance. They come under

different names and labels. To make the picture less confusing I use the term 'plurilateral governance' for these various forms of non-hierarchical governance. Instead of having a clear hierarchical structure, plurilateral governance is based on interpenetration of various types of political units and loyalties. There is no pyramid-like governmental structure. Rather it resembles a 'junction box' or even a kind of 'garbage can'. There

is no single centre of authority in charge of key functional fields, but a multiplicity of various overlapping military, police, and economic regimes operate on different territories. Territory is not clearly demarcated as the system tolerates soft and changing borders. Governance is not about steering but about 'gardening'; reflecting principles of flexibility, subsidiarity, devolution and differentiation. Compliance is largely voluntary and based on incentives. Cultural and socio-economic diversity is cherished. Divided sovereignty is accepted.

Plurilateral governance is not about total freedom and anything goes policies. Governance in its essence is about the maintenance of collective order, the achievement of collective goals, and the collective process of rule through

which order and goals are sought. But there are various ways of achieving all that. Effective governance can tolerate deliberation and pluriformity. Governance can be about negotiation and persuasion rather than control and steering. Incentives can produce better results than sanctions and coercion. Enablement skills can be more crucial than management skills. Effective governance can merge public and private spheres rather than keeping them separated. It does not need to be state-based or state-centric. It does not even need to be territorial or territorially-fixed.

The EU knows many empirical manifestations of plurilateral governance. Decision making competencies in the EU are shared by actors at different levels rather than monopolized by European (or member states') executives. The EU increasingly relies on 'soft' rather than 'hard' law. Compliance with some laws and directives is voluntary (or there are few sanctions for non-compliance). Encouragement of best practices, shaming and persuasion are used in some fields more than orders, commands, and administrative directives³. Moreover, the Treaties of Maastricht, Amsterdam and Nice have formalized the existence of overlapping orders within the EU and introduced provisions for greater flexibility and differentiation. The Open Method of Coordination (OMC) introduced at the 2000 European summit in Lisbon is also a clear manifestation of plurilateral governance. The OMC obliges member states to pool information and reassess current policies and programs in light of their comparative performance, but it does not seek to homogenize member states' inherited policy regimes and institutional arrangements. The purpose is experimental learning and deliberative problem solving across the EU rather than enforced convergence from the top.

Governance after enlargement

The EU institutional framework is not a product of rational deliberations reflecting any specific or coherent theoretical blue-print. EU institutions are a product of hard political bargaining leading to uneasy compromises between competing national agendas, cross-national political groupings and various schools of thinking. This is why ambiguous language and hybrid arrangements abound in the EU. The European Commission's White Paper on Governance is a good example of such an ambiguous approach. It advocates progressive adoption of such new forms of governance as self-regulation, co-regulation, the open method of coordination and

independent regulatory agencies. At the same time, the White Paper recommends enhancing the old and rather rigid 'Community Method' which envisages a strong central authority very much in the hands of the Commission itself (European Commission 2001).

However, it is increasingly apparent that hybrid arrangements are neither sufficiently effective nor truly legitimate. After all, it is difficult to opt for discipline and flexibility at the same time. Pyramidal centralism is difficult to combine with variable geometry. It is also

apparent that the hierarchical modes of governance are ill suited for the enlarged EU with its 27 member states of different size, economic potential, legal culture and historic tradition. Can one single administrative blue-print apply to such diverse economies as France, Cyprus and Latvia? Will decisions made by an ever

more distant centre in Brussels be implemented by local actors in various remote corners of Europe? And how can the Union transform the ever more variable geometry of its institutional arrangements into a kind of hierarchical pyramid?

Enlargement has made the center of European governance further detached from local concerns within the Union. This is partly because the EU's space is now much larger, and partly because new member states have different structural features and political priorities than the old ones. And the new member states do not want to see a powerful center in Brussels applying uniform policies across the entire EU space (of course, this position is shared with some old member states). It seems naïve to believe that a stronger European centre would be able to install an efficient hierarchical order in this vast and diversified environment. The EU lacks the instruments available to nation states. Moreover, governing complex polities requires more and not less flexibility and differentiation. The basic law of public management and administration says that governance must be able to represent the basic types of variety found in the system to be governed. This means that the more diverse the qualities to be governed, the more diverse the necessary governing measures and structures and the more diverse the relationship between them. As Tanja Börzel once observed in the European context: 'In an increasingly complex and dynamic environment, where hierarchical coordination is rendered difficult if not impossible and the potential for deregulation is limited because of the problems of market failure, governance becomes only feasible within policy networks, providing

“Enlargement has made the center of European governance further detached from local concerns within the Union”.

a framework for an efficient horizontal coordination of the interests and actions of public and private corporate actors, mutually dependent on their resources' (Börzel 1998, 262-3; see also Amin and Hausner 1997).

Effective governance of the enlarged EU must therefore opt for more flexible modes of governance even though experiences of introducing plurilateral governance within the European context have often been disappointing. However, it is important to keep in mind that flexible governance instruments have to date been introduced only in the most difficult fields for the Union to deliver and they were usually introduced in a rather symbolic manner. The Open Method of Coordination (OMC) is a good example here.

It has been applied largely in the field of employment and social inclusion policy where all European actors, not only the EU, are unable to act effectively due to a complex variety of factors. Moreover, the OMC tends to be treated as a bureaucratic exercise isolated from the general policy making process and devoid of any significant resources. For instance, the Ministry of Social Affairs and Employment in the Netherlands has only one full-time employee responsible for collecting information and writing reports envisaged by the OMC.

Fully fledged plurilateral governance would mean a multiplication of various actors and their networks with little hierarchy and enforced participation. Vertical interactions among European governments would increasingly take the form of mutual adjustments, intergovernmental negotiations, and joint decision making. The dominant governing principle would not be a centralization of power in the Commission, but delegation by both the Commission and member states to specialized autonomous bodies operating with different degrees of centralization. The Commission and the Council would only perform some strategic tasks aimed at creating incentives for innovation, and adaptation. They would not insist on having one single institutional solution for individual functional problems, but instead allow institutional flexibility and differentiation. They would not insist on creation of a simple hierarchical structure, but instead allow a variable geometry with an extensive overlap between the EU and the national or sub-national domains. They would not insist on one single way of implementing EU laws and regulations, but instead allow decentralized and creative implementation of these laws and regulations.

“Plurilateral governance may well be efficient, but is it also democratic?”

Governance and democracy

Plurilateral governance may well be efficient, but is it also democratic? How will democracy work in a complicated system of multi-layered and multi-speed arrangements run by unelected officials? Can European agencies and networks be made more transparent and accountable? Will citizens' preferences be reflected by a very complex system of decision-making at various levels? As Deidre Curtin argued, the EU's growing fragmentation and power diffusion is a sign of 'democratic retrogression' because 'governmental decisions in international matters are only very weakly accountable in modern democracies' (Curtin 1993, 20).

According to Neil Walker accountability is a particularly serious problem in a 'crowded institutional context, where popular affinity is contested or diluted and lines of responsibility are blurred' (Walker 2000, 11). According to Johan P. Olsen, citizens' involvement and participation is difficult in a large-scale and multi-level polity such as the EU (Olsen 2003). And Svein S. Andersen and Tom Burns pointed to the serious problems of representation in a Union governed by diffused networks and institutions: 'The "democracy of organizations" tends to replace the democracy of citizens and their territorial representatives, and expertise is strategically engaged in policy processes often at the expense of elected officials and government leadership' (Andersen and Burns 1996, 230; see also Zielonka 2007).

These are all legitimate concerns. Even staunch supporters of plurilateral governance admit that it is less structured and transparent than hierarchical governance. They see problems stemming from partisan policies of various networks. And they admit that formal democratic controls are difficult in a system relying on various flexible informal arrangements, fluid membership, and variable purpose. However, they also argue that democratic virtues of hierarchical governance are not necessarily more impressive in comparison. Much order and fairness under hierarchical governance is illusory. Member states and transnational interest groups are able to manipulate the definition of the common good. Democratic controls exercised by parliaments are being criticized under all systems. Hierarchical governance is primarily concerned with the powers of the centre and not with the powers of ordinary citizens. As such it is not particularly suited for enhancing citizens' involvement and participation in public affairs. Elections in hierarchical systems represent a crude means of formulating common interests and

of controlling officials. Moreover, the implementation record of hierarchical governance is poor despite all the built-in monitoring and sanctions.

This is not to argue that plurilateral governance can offer more democracy than hierarchical governance. It is only to show that there are various ways of assuring participation, representation and accountability. There is no doubt that plurilateral governance can tolerate more deliberation and pluriformity than hierarchical governance. Likewise there is no doubt that plurilateral governance brings governance structures closer to the citizens than hierarchical governance. Formal democratic controls are easier under hierarchical governance, but informal controls are much more widespread under plurilateral governance because different networks watch each other's moves and publicize abuses of power. Hierarchical governance has invented various workable mechanisms against the abuse of power and those cannot be easily applied by plurilateral governance. However, under plurilateral governance power control mechanisms are not so crucial because power in this system is highly deconcentrated, dispersed, divided, fragmented, or even fused. Decision-making structure is certainly simpler under hierarchical governance, but multi-layered and multi-centred decision-making structure under plurilateral governance makes it more responsive to local constituencies, more open to experimentation and innovation, and more reliable in meeting undertaken commitments. Reliance on incentives rather than punishments seems also closer to the democratic ideal.

Of course, much can be done to enhance democratic qualities of the envisaged plurilateral system. For instance, European citizens could be offered meaningful ways for contesting decisions taken by various networks and they could also be offered greater access to these networks. But it would be wrong to conclude that under plurilateral governance citizens are likely to find themselves without meaningful forms of protection, jurisdiction and democratic control.

Conclusions

The Union is facing the challenge of adjustment. An ever larger and more diversified European space requires the progressive adoption of flexible modes of governance. The EU needs some kind of central government, but it does not need a unitary government structured like a pyramid. The Union needs some kind of

constitutional order, but this order can leave room for a large degree of decentralization and differentiation. The Union should make the various actors comply with the agreed rules and prevent free-riding, but incentives and shaming may offer the prospect of greater compliance than commands and sanctions. The Union can principally act as a mediator between various European networks and as facilitator of continuous communication, cooperation, and compromise between such networks. Such a Union can be efficient and democratic, but there is a need to abandon the traditional hierarchical thinking in evaluating its performance.

The current constitutional order is primarily concerned with the member states and central European institutions. The new constitutional order would have to recognize the role played by the full range of actors involved in European politics, both public and private. It would have to spell out how network governance is to be organized and structured within the EU and what the rules of engagement for individual players are. The new

constitutional order would also need to acknowledge the fuzzy nature of the EU's external borders. This would imply, among other things, defining the complex web of relations with Europe's neighbours. The division between internal and external actors and matters

within the current constitutional order is increasingly out of tune with the reality of contemporary Europe. The new constitutional order would also need to empower Europe's citizens. The point is not only about upgrading the legal status of the agreed Charter of Fundamental Rights, as it has been done in the recent Reform Treaty. It also concerns giving Europe's citizens meaningful ways of shaping decisions taken within the various European networks. The current constitutional order works along the misguided assumption that representative democracy can function in an ever larger European space with multiple demoi and artificial European parties. The new European constitutional order should emphasize the principle of citizen participation and contestation rather than (opaque) representation.

Plurilateral governance recognizes the importance of rules and institutions. It acknowledges that autonomous agencies work better in some fields rather than others. It does not question the need for certain authority and discipline in Europe. However, the authority is not necessarily vertical, but can be also horizontal. Moreover, there is ample space for informal decision-making

“There is no doubt that plurilateral governance brings governance structures closer to the citizens than hierarchical governance”.

practices among the various actors involved in political bargaining, each of them enjoying different forms of legitimacy. In the enlarged EU we would still need a central European authority guaranteeing free trade and competition. We would also need a strong central authority guaranteeing citizens' human and democratic rights. In other fields, however, such as policing, education or taxation no central European authority is needed; but the lack of strong central powers here does not necessarily imply a lower level of cooperation. It only means that cooperation is a bottom-up rather than top-down exercise. It also implies that there is no one single institutional solution for the variety of problems that arise across different fields.

In the due course of time, the Union is likely to expand further to include such diverse countries as Ukraine, Bosnia and Turkey. Governing such a vast and diversified European space from a single European centre would be an almost impossible task. The Union would still be in a position to act as mediator between the various European actors and networks, but it would find it increasingly difficult to exercise tight hierarchical control over the entire territory. The Union could still prove useful in facilitating cooperation among the diverse parties, but it would only be able to impose strict rules and police their implementation in selected fields. There is a need to adopt a governance system that is better suited to the post-modern and post-Soviet Europe of today. This cannot happen without a change of the prevailing governance paradigm and mindset.

¹ The Treaty of Maastricht (article 228) granted the Commission the authority to request that the ECJ impose penalty payments on member states that failed to comply with ECJ rulings in infringement cases. For the analysis of the Commission's effort to monitor the implementation of EU law, see European Commission (2005)

² At the June 2007 European summit the supporters of hierarchical governance successfully pushed for an office of European Council president with tenure of 2.5 years and a site in Brussels. The Reform Treaty, as agreed in October 2007, is available at: http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1297&lang=en.

³ Probably the most revealing example here is the 2005 European Council's decision to not impose fines on Germany and France for running an 'excessive' budget deficit as envisaged by the Stability and Growth Pact (European Council, 2005).

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A More Social EU? In What Areas? In What Forms?

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The recent enlargements and the French and Dutch referendums have prompted in the last two years an articulated debate on the issue of 'Social Europe' (or the 'European Social Model'). To a large extent this debate has focussed on the problems and prospects of national welfare regimes: their persisting problem load, their comparative performance, their reform trajectories. At least in part, however, the debate has focussed on the social dimension of the EU proper: on what might be called the 'Social EU'.

In what follows, we will focus on this second topic, the social dimension of the European Union as a political entity in its own right, addressing in particular two delicate questions:

1. do we need a more social EU, that is more supranational activism in the social sphere?
2. should that be the case, for what purposes and in what forms?

The need for a more social European Union

Our answer to the first question is affirmative – and brief: yes, we do need a more social EU. We believe this is so for three broad reasons: one has to do with social justice, another with economic efficiency, and the last one with the legitimacy of the EU polity, and its ability to command widespread positive support on the part of the European citizenry.

First, we need it to secure a fairer, that is, more equitable distribution of life chances among EU citizens, both within and between member states. We shall call this the 'social cohesion', or 'social justice' rationale. According to the Treaties, the EU has a broad mission: promoting economic and social progress

(Art. 2 Treaty on European Union). Unless one believes in a naive version of the trickle down effect of growth, the pursuit of economic prosperity through efficient and open markets should thus be accompanied by an agenda for social progress, resting on those normative underpinnings ('fairness', 'justice', 'security') which are

widely shared and deeply rooted in Europe's political cultures. While there can be no doubt that this agenda includes spheres and policies which fall under national competence in legal terms, it should be equally clear that the EU has a role to play, both directly (exert its legal powers in order to sustain and complement the national social justice agendas) and indirectly ('mainstreaming', as it were, social cohesion/justice considerations within its own 'growth and jobs' agenda, more than it seems to have done so far under the new Lisbon strategy).

Second, we need a more social EU in order to facilitate the functioning of the internal market, and thus to generate more growth and jobs (this is the 'economic efficiency' rationale). From a rich body of political economy research, we now know that social policies can play an important role not only as redistributive instruments and as vehicles for social and political consensus, but also as 'productive factors'. This was one of the original assumptions of the Lisbon strategy and of the 'modernization' agenda set out by the European Commission during the 1990s. At the theoretical level the positive (to wit, efficiency-enhancing) effects of social policy can be relatively easily sketched out: social insurance allows for riskier educational and occupational choices that increase the expected life time income of individuals, whether they turn out to be good or bad risks – 'Under the protection of the welfare state, more can be dared', as Hans Werner Sinn (1995, 507)

wrote. At the practical level, however, the identification of which policies can enhance (and in what ways, exactly) productivity and competitiveness is a difficult task, as is the quantification of the 'costs of non/no social policy': see the debate on the real effectiveness of active labour market policies. But it is not

an impossible task, and certainly such a *pars construens* must accompany (at the EU level) the *pars destruens* of highlighting the negative effects of the social protection status quo in the various member states.

Thirdly, and possibly most importantly, we need a more social EU in order to secure continuing support

"We need a more social EU in order to secure continuing support to the integration process on the part of increasingly worried public opinions".

for the integration process on the part of increasingly worried public opinions (and this is the 'social and political legitimacy' rationale). There is now a growing evidence in opinion polls that the EU is perceived as a potentially mischievous entity by the majority of her citizens, as a threat to national labour markets and social protection systems, as a 'Trojan horse' serving the malignant interests of globalization¹.

Mass perceptions can be factually wrong, but they play a crucial role in politics. We know that post-war social protection systems and the welfare state have been extraordinary bonds between European citizens and their national institutions, bringing about a very tight form of allegiance, based on the institutionalized exchange between material benefits and electoral support. The EU, instead, has been rather weak in terms of identity and allegiance building. What had been hoped for, sometimes even envisaged by the neo-functionalists and practitioners has never taken place: European citizens have not shifted their loyalties from domestic to supranational institutions altogether. What ties the European citizens (the citizens of the EU member states) to the EU is in fact a different kind of loyalty: a derived, secondary allegiance, which obtains only as long as the EU is capable of providing resources to the member states, thus reinforcing the direct, primary allegiance linking members of national political communities to their domestic institutions. The initial division of labour envisaged by the 'Founding Fathers' of the EC in 1957 went exactly in that direction:

the Community should promote economic bounty by dint of opening markets and generating scale economies, thus providing the member states with resources they could use for feeding their social protection systems, for (welfare) state building – or rescuing after the Second World War disaster as Alan Milward has taught us (Milward 1992). Now, as we will see later on, over the past decades such division of labour has fallen apart, and the European (economic) integration process has tended to encroach upon domestic social sharing institutions, without at the same time replacing at the EU level what was being constrained at the national one. From this, the widespread worries that revolve around the building of Europe.

In short: if voters are not re-assured about their anxieties, about the fact that 'the EU cares' (through direct and indirect actions or non actions), the integration process risks to be seriously de-legitimized and jeopardized by those xenophobic sentiments and neo-

protectionist demands coming from social groups that are more directly affected by economic opening.

How to build a more social EU

The three rationales we have identified to show that we need a more social EU are analytically distinct, but they are of course interrelated and mutually re-enforcing. Judging by recent documents and official statements (such as the Presidency Conclusions of the 2007 Spring Council, the Berlin Declaration, signed on the 50th anniversary of the Treaty of Rome, or Article 3 of the 'Reform Treaty' where it makes reference to a Union based on 'a highly competitive social market economy', promoting social justice and protection), there seems to be now a relatively broad consensus about them among both national and Community policymakers. By the same token, opinion polls show that European citizens are quite unhappy with the EU's performance in the social field, and fighting poverty and social exclusion and fighting unemployment are consistently ranked as the two top actions that the EU should take as a matter of priority². Moreover, a European welfare system, whatever this may mean, is considered to be the way best to strengthen European citizenship (better than, among other things, adopting a European

Constitution)³. The problem is: where do we go from here? Answering to our second question – provided that we need a more social EU, for what purposes and in what forms? – is indeed more complex. In what areas, exactly, should the social dimension of the EU be strengthened? What are

the social challenges that need response *at the EU level* rather than at national levels? To look for an answer, it may be useful to recall an old distinction in the debate on Social Europe, which continues to be heuristically valid: the distinction between *common* and *similar* social challenges.

Common challenges originate from a single exogenous factor or set of factors (e.g. cross border liberalisations). These challenges affect all member states at the same time and require some kind of joint response (national solutions are suboptimal). It is on this front that a stronger Social EU is urgently needed.

Similar challenges, on the other hand, originate from largely endogenous dynamics (e.g. demographic ageing or changing family and gender relations) and can be met through different, path dependent, national responses. On this front a stronger Social EU is less urgent, but can still play a precious role, with some qualifications.

"If voters are not re-assured about their anxieties, about the fact that 'the EU cares' [...] the integration process risks to be seriously de-legitimized and jeopardized".

Supplementing the internal market with a floor of social rights

What is the most pressing common challenge that is now confronting national welfare states? Undoubtedly, it is the internal market. In the course of the past decades, and the last one in particular, the internal market (and in particular the free movement of labour and services) has started to generate growing social strains to the social policy and employment regimes of the member states. Recent enlargements have then significantly accelerated this process. As we have seen, the original Treaties envisaged a division of labour between the supranational and the national levels: the Community should be instrumental in opening up the markets and helping reach economies of scale otherwise unattainable, so as to produce resources that the member states could use in the institutionalized exchange of (social) benefits, flowing from their national welfare institutions, against regime support on the part of their domestic political communities. 'Keynes at home, Smith abroad', as Robert Gilpin (1987, 355) aptly dubbed this kind of embedded liberalism arrangements. This justified the weakness of the social side in the Rome Treaty: from equality of treatment for men and women (which by the way was not meant to bestow rights directly on citizens, but rather to constitute the basis for supranational action aimed at guaranteeing a level playing field for European companies) to coordination of social security regimes, all the social provisions and articles in it were instrumental to the dismantling of non-tariff barriers to trade and to the creation of a higher economic order where the economic exchanges could flow unfettered. However, this supranational liberal order rested on, or rather was embedded in, national welfare states that would themselves be unfettered in their social regulation capabilities, and in particular would not be constrained by the supranational level. This is the rationale of the scantiness of social provisions in the Rome Treaty, and of the economic instrumentality of those few ones included in it: social policy was a matter of national institutions only. Put in a different way, the division of labour implied separateness of competences between the supranational and the national levels, and thus 'mutual non-interference' between the market-making and the market-correcting functions. European competition law and the four freedoms should not impinge upon the member states' sovereignty in the social sphere (Giubboni 2006).

This has proved not to be durable. In the first place, since the 1970s the international political economy conditions have changed, and the embedded liberalism

compromise has floundered. Moreover, and most importantly for what concerns European integration, what Joseph Weiler (1999) calls the constitutionalization of the Community legal order has occurred. In particular, supremacy of Community over domestic law and direct effect have torn the division of labour into pieces: if Community law trumps national law, this means that provisions geared to foster unfettered competition (by and large, the ones written in the Treaties) trump social regulation, enshrined in national constitutions and laws only, and the ECJ judges are constrained in balancing economic and social interests whenever there is a clash between them in the way national constitutional judges would normally do. This state of affairs has of course become more apparent with the deepening of the economic integration process: since the White book on the internal market through the Single European Act and the Maastricht Treaty, to the EMU, the integration of European economies has progressed at a spectacular pace, without being matched by anything similar in the social realm. What we have tried to argue so far is that reasserting the original allocation of competences – market making with the EU, social policy with the member states – simply will not do the trick, since social policy at the national level is no longer sheltered against 'intrusions' by the European economic constitution, as many ECJ rulings have by now made rather clear (Ferrera 2005).

When it comes to social protection systems, it is the free movement of labour and services that poses the greatest challenges to the viability of domestic social sharing arrangements as we know them, even though it is to be noted that the ECJ has not always been 'the market police', and it has on several occasions granted some degree of 'immunity' to national welfare institutions and practices against European market law. However, lacking a hook in the Treaties it has done so on the grounds of legal arguments that may well be overridden in the future. Moreover, the member states are investing a good many energies in buffering their social protection systems from the challenges stemming from European law by non-complying to the rulings, agreeing among themselves to modify European laws, or even failing to introduce new social programmes that could subsequently become the object of European court action. This may well be one of the reasons why such issues have not yet come at the forefront of public discourse in Europe and are still confined to restricted circles of insiders: their potentially disruptive outcomes have so far been buffered by reactions of the member states. But how long can this last? The member states may be compared to those

cyclists who track stand: it takes a lot of effort to maintain your position.

Let there be no mistake: free movement of persons and services has opened up greater opportunities and brought about enormous benefits for the individual citizens, even when it creates a poser for national welfare systems. If not governed, though, this enhanced freedom for the individual may come at the cost of severe systemic inconveniences, or even failures which might eventually result in diminished welfare provision for all. It is certainly a positive thing that Mrs Watts and many in her conditions all around Europe can get quick treatment abroad paid by their own domestic healthcare schemes; however, when this comes at the cost of upsetting waiting lists as a basic organisational tool of contemporary health systems, it seems clear that some steering is called for⁴.

To some extent, the European Union is experiencing a 'social question' (but also a 'governance question') that is not too dissimilar from that experienced by the European nations in the second half of the XIX century, when the 'freedom to work' became a universal civil right and local labour markets fused with each other to give rise to single 'national' labour markets, which were then subjected to common standards (labour laws, unemployment and more generally social insurance, a national labour exchange, etc.).

In his path breaking historical sketch of modern citizenship, T.H. Marshall suggested that the evolution of this institution involved a double process: of fusion and of separation (Marshall 1950). The fusion was geographical and entailed the dismantling of local privileges and immunities, the harmonization of rights and obligations throughout the national territory, and the establishment of a level playing field (the equal status of citizen) within state borders. The separation was functional and it entailed the creation of new sources of nationwide authority and jurisdiction as well as new specialized institutions for the implementation of that authority and that jurisdiction at a decentralized level.

The present historical phase is reproducing under new forms this double challenge of 'fusion and separation'. As was the case one hundred and fifty years ago at the national level, free movement can now be a tremendous trigger of growth and jobs for the EU's internal market, and therefore of welfare for European citizens. But without adequate supranational norms and governance (a stronger Social EU) this new market cannot work effectively, and in fact runs the risk of reducing individual

welfare. Again, fusion requires institutional innovation in order to fully produce its fruits (economic rationale), and to safeguard an equitable distributions of such fruits (social justice rationale) in a context of social peace and political stability (legitimacy rationale).

Managing the social implications of free movement (or, put differently, securing the social complements of the internal market) ought to be the first goal of a stronger Social EU, which seeks to eschew the risk of biting the hand that feeds it, by jeopardizing the bond between citizens and their welfare states, and being made to bear the blame for whatever storm the member states should have to face. From what we have been saying so far, it is clear that only the EU can perform this task. But how?

There already is, of course, an *acquis* of hard norms that have been introduced over time precisely (or primarily)

with a view to paralleling market 'fusion' with a modicum of social harmonisations.

Some (such as the directives on non-standard employment, or on gender discrimination) also address new social risks in a post-industrial society. But what are the new and further steps that could be taken in this direction in the

current post-industrial (and post-enlargement) context? We believe that the following would be the most natural candidates for the task at hand:

- establishing (or strengthening) a common floor of labour law guarantees, especially for the non-standard, atypical workers;
- agreeing on common definitions and criteria regarding those areas (such as social security, services of general interest, etc.) that are particularly sensitive to greater free movement, thus finding a proper balance between the goals of 'dismantling local immunities and privileges' and that of preserving legitimate national diversities;
- establishing common rules on minimum wage on the one hand, and launching a Community initiative on a generalized minimum income guarantee on the other, in order to protect the most vulnerable;
- updating and fine tuning the social security regime for migrant workers;
- establishing something like a 'European audit board' for the oversight of contractual practices, in order to avoid social dumping.

Advancements on these fronts were advocated by a declaration on 'Enhancing Social Europe' signed by the Labour ministers of 9 Member States (Belgium, Bulgaria, Greece, Spain, France, Italy, Cyprus and Hungary) in

"The member states may be compared to those cyclists who track stand: it takes a lot of effort to maintain your position".

February 2007. On each front there are already relatively detailed proposals around. To name but a few, the issue of a common floor of labour law guarantees, dealing with the working conditions of all workers regardless of the form of their work contract (and therefore applying also to atypical workers) was put forward in the recent Green paper on labour law and will be a matter of debate in the next few months, while the Reform Treaty includes a Protocol on services of general interest and retains from the Constitutional Treaty the so-called horizontal social clause, which introduces a sort of 'social mainstreaming' by stating that, in implementing its policies, the Union should take into account social requirements.

The issue of a minimum income guarantee is also important, and would deserve much attention insofar as it may well be a very promising way of securing the social complements of the internal market, as we have framed the task at hand. It might take the form of Community legal provisions regulating minimum income schemes at the national level (a Community directive was originally put forward by the Commission in 1992, but it had to be downgraded to a mere communication due to member states' opposition). This would regulate, and possibly improve, benefit provision in countries that already have in place such schemes, and spur into action those (such as Greece, Italy and Hungary – ironically, three of the signatories of the plea for 'enhancing Social Europe') that do not have such a generalized means-tested scheme. Or, rather, it might even take the form of a pan-European welfare scheme, locally administered but stemming directly from the EU as such. Some concrete proposals have been circulating for some time in the academic circles⁵. It is not our intention here to assess the pros and cons of this thought-provoking idea, which in any case should be carefully crafted lest it may feed opportunistic behaviour on the part of citizens and national governments alike, but that could be instrumental in building some kind of direct allegiance between European citizens and the EU, so to speak replicating at the supranational level that formidable bonding tool constituted by social protection schemes at the national level.

Another measure that addresses common challenges (albeit those posed by globalization, rather than the internal market) and that – if well crafted and publicized – could help in forging bonds between the EU and its citizens thus providing legitimacy to the former, is the newly launched 'European Globalization Adjustment

Fund' (see the article by Krzysztof Nowaczek, this issue). It is aimed at providing European workers made redundant because of globalization (trade-induced mass layoffs) with time-limited direct support in finding a new job, that is the Fund should finance out of the Community budget (or, rather, co-finance on an equal footing as the member states) active labour market policies only. If, instead, the European Globalization Adjustment Fund simply were to co-finance already existing national (and only dubiously active) measures for which full credit is claimed by the member states, as it would seem to be the case judging by the first available information, then the legitimacy return for the EU runs the risk of being negligible, if not outright negative (when an application by a member state is rejected by the Community institutions).

Be that as it may, on top of important – in substantive and symbolic terms – but rather small-scale initiatives, what really matters at this stage is to forge a consensus on the general idea: that of putting in place a basket of basic common social standards for the whole EU space, as well as the regulatory and governance pre-requisites for the mutual recognition of social policy and employment regimes across the Member States. Without shared requirements and reciprocal trust, mutual recognition is impossible.

Taking, again, some inspiration from the history of modern citizenship, the new regulatory and governance regime of free movement should be nested within a more basic institutional fabric: Fundamental Rights, as they are set out in the Nice Charter. In a way, the recognition of the Charter as having the same legal value as the Treaties can be seen as another form of 'mutual recognition' in symbolic terms. While the Member States reaffirm – in the new Treaty – their acceptance of the EU's free movement and competition regime, with the Charter the EU acknowledges the priority of rights and their centrality in the EU's edifice and mission, while also accepting that Member States have legal practices concerning social citizenship which are part of the basic EU constitutional order.

That the Charter is given full legal status is an immensely valuable fact, since it will allow the ECJ to take fundamental social rights into account in its rulings, helping it to perform its constitutional balancing function. Some regrets can however be expressed at the way it is merely recalled in the new Treaty, although this is of course understandable in view of the British and

“What really matters at this stage is to forge a consensus on the general idea: that of putting in place a basket of basic common social standards for the whole EU space.”

Polish opposition. Symbols can go a long way in politics. A charter of rights that is swept under the carpet does not exactly fit the bill.

Cutting the cheap talk and investing in forward-looking initiatives

Let us now briefly turn from *common* to *similar* challenges. Here, as mentioned above, there is less need and scope for direct and 'hard' supranational activism, but the EU can still play a significant role in encouraging and facilitating the modernization of national social models, primarily in the context of the demographic challenge. To a large extent, this is already happening through a panoply of instruments, most notably the Open Method of Coordination (OMC) and its various social processes. One of the last institutional innovations on this front has been the adoption, on the part of the European Council, of a number of solemn 'Pacts', in which the member states have committed themselves to achieving shared goals and to strengthening cooperation in the field of youth policies and youth mainstreaming (2005), equal opportunities and work-life balance (2006) and family policy (2007).

Even though there is some disappointment about the effectiveness of these 'soft' instruments for the joint management of similar challenges, they do offer a precious institutional capital on which to build, and also their actual record is no mean feat, if only not looked down upon from a perfectionist, classic Community method angle.

Without entering in the technical debate about how to fine-tune soft coordination from both a substantive and procedural viewpoint, some general suggestions come to mind for the purpose of stimulating debates and further reflections.

The first two suggestions regard the OMC processes:

- incorporating, alongside macroeconomic, microeconomic and employment guidelines, a social chapter in the Integrated Guidelines which steer the drafting of National Reform Programmes, so as to force both Community and national policymakers to take all angles into account;

- introducing some 'OMC+', that is coordination processes supplemented by tangible and financial incentives. This is already at least partially happening with both the employment and the inclusion process, but more could be done, especially as regards training and lifelong learning, child poverty and childcare in general.

A third suggestion regards the new 'pacting' approach that seems to be taking root alongside (or in anticipation of) more structured forms of open coordination. If properly designed, properly communicated and properly implemented, Pacts and/or Alliances centred around those similar social challenges that are confronting all or most member states can indeed perform important functions and thus contribute to the strengthening of Social EU. It is too early to evaluate the actual implementation of such initiatives, launched as seen only in the past few years. But their design and especially their communication to public opinion has been extremely poor so far. The latest initiative (the European Alliance for Families, a platform for exchanging information and experience on family-friendly policies) received only a brief and superficial description in the Presidency Conclusions of the 2007 Spring European Council and was not supported by any recognizable (let alone effective) communicative campaign (but for a dedicated website). There is in this way the risk of rapidly dissipating the promising potential of such instruments or, even worse, the risk of turning them into yet another signal of the EU's superficiality, opportunism and 'cheap talk' in all matters that have to

do with welfare and social policy.

Why not taking these instruments more seriously and re-configuring them in a single 'Pact for a New Social Europe', that could serve as a general symbolic and institutional framework for the various OMCs?

If this scenario is not feasible, than it might indeed be advisable to

eschew the further proliferation of pacts and alliances, in order to avoid overload, confusion and possible legitimacy losses on that very dimension (the 'caring' dimension) that should generate, not dissipate legitimacy for the EU.

The fourth and final suggestion is that of considering the launch of a new policy initiative at the supranational level, characterised by a strong 'signalling' potential on the three fronts mentioned at the beginning of this chapter: justice, legitimacy and efficiency. The most promising move in this direction would be one geared towards young European. As seen, the EU already has a youth agenda, but it should consider taking specific action, in the form of path-breaking measures being implemented. Drawing on a recent paper prepared by the Bureau of European Policy Advisers to the President of the Commission on 'Investing in Youth' (Barrington-Leach *et al.* 2007), some innovative measures with a high legitimising potential and capable of reconciling social

"The EU can still play a significant role in encouraging and facilitating the modernization of national social models, primarily in the context of the demographic challenge."

justice with economic efficiency could be considered for direct Community action, such as a “European capital grant” to all children, that is a universal grant awarded to every baby at birth, that can be topped up (up to a certain level) by parents and made available for use when the child reaches eighteen; or a ‘European Early Childcare Fund’; or a European loan scheme for students, that could be made available through the involvement of the European Investment Bank.

One rather alarming indication stemming from the latest Eurobarometers is that there is a widespread belief among all respondents that the life chances of young people will be worse than those of their parents⁶. A stronger Social EU should see to it that this will not happen: investing in youth should indeed become its flagship, its top and most clearly recognizable priority.

¹ In 2006, more than 70% of European citizens feared that the building of Europe could entail the transfer of jobs to other member countries with lower production costs, while 50% feared that it could entail the loss of social benefits. See QA17, Standard Eurobarometer 65, January 2007.

² ‘The protection of social rights’ and ‘the fight against unemployment’ are the two items ranked the worst in a poll asking respondents to judge the performance of the EU in a set of 15 policy areas including, among others, the protection of human rights, the fight against terrorism, equal treatment of men and women, and the promotion of democracy and peace in the world. (‘Ensuring economic growth’ is also badly ranked.) There is however a good deal of variance between the national results as regards the evaluation of EU’s performance in the fight against unemployment. See QA13, Special Eurobarometer 251, ‘The future of Europe’, May 2006. As for actions that the EU should take as a matter of priority, see for instance QA26, Standard Eurobarometer 66, September 2007.

³ See QA20, Special Eurobarometer 251, ‘The future of Europe’, May 2006.

⁴ We are referring here to the ECJ ruling in the Watts case (C-372/04, decided on 16 May 2006). The Court ruled that a refusal to grant prior authorisation to get treatment abroad paid for by the domestic authorities cannot be based merely on the existence of waiting lists intended to enable the supply of hospital care to be planned and managed on the basis of predetermined general clinical priorities, without carrying out an objective medical assessment of the patient’s medical condition. Where the delay arising from such waiting lists appears to exceed an acceptable time, assessed in terms of such condition, the competent institution may not refuse the authorisation.

⁵ See for instance the debate which took place in the various issues of the Journal of European Social Policy in 2001.

⁶ See for instance Special Eurobarometer 273, ‘European social reality’, February 2007.

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The European Globalisation Adjustment Fund: A Social Pilot Project between Political and Economic Realms

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The European Globalisation Adjustment Fund (hereinafter EGF), launched in January 2007 with a budget up to 500 million Euros a year, seeks to assist workers made redundant as a result of changing global trade patterns to find another job. As declared by José Manuel Barroso, President of the European Commission, the starting point for the elaboration of such an initiative was the search for a competitive, but also a fair EU. This supranational social 'pilot project' has been an interesting political exercise in the face of the challenges related to the contemporary European Union trying to 'combine fire and water', i.e. to reconcile free trade with social solidarity. After granting in November 2007 nearly 4 million Euros to the Peugeot and Renault suppliers, with the European Commission's recent positive evaluation of German and Finnish applications and with the new requests by the Maltese, Italian, Spanish and Portuguese governments already on the table, the interest in the relevance of the EGF has increased. This article provides an overview of the developments related to this EU financial initiative. In particular, it presents the scope of the EGF, and the current status regarding the application of the EGF.

Following the discussion at the Informal Summit at Hampton Court in November 2005 and the mandate given by the European Council in December 2005, the European Commission adopted in March 2006 a proposal for a Regulation establishing the European Globalisation Adjustment Fund. The initiative was considered as the expression of solidarity between Member States. Being competent for external trade policy and for decisions that lead to increased trade liberalisation and market opening, the Commission believed the Community to be also responsible for bearing the costs of policies that it implements. According to the European Commission's impact study, some 35,000 to 50,000 workers a year could benefit from the aid allocated by the EGF. The negotiations on the draft were launched by the Austrian Presidency in April 2006 and continued throughout until the end of

the year, with the leading role of the Finnish Presidency which considered it as one of its central objectives in the area of employment.

The EGF has officially entered into the force in January 2007 following the approval of the Council and the Parliament in December 2006. Article 2 of the Regulation names the 'intervention criteria' for a financial contribution. The basic criteria exist when major structural changes in world trade patterns lead to a serious economic disruption, notably:

- a substantial increase of imports into the EU, or
- a rapid decline of the EU market share in a given sector, or
- a delocalisation to third countries.

The above changes should result in:

- at least 1000 redundancies over a period of 4 months in an enterprise, including workers made redundant in its suppliers or downstream producers, or
- at least 1000 redundancies, over a period of 9 months, particularly in SME, in one or two contiguous regions.

In small labour markets, or in exceptional circumstances, an application may be considered admissible even if the above conditions are not entirely met, when redundancies have a serious impact on employment and the local economy.

The annual budget of the EGF is up to 500 million Euros. Applicants may receive up to 50% of the total costs of the project. The remaining costs of the action plan are supposed to be covered by national budgets. It will fund only active employment measures to keep people in employment, but not passive social protection measures such as early retirement schemes or unemployment benefits, which are the competence of Member States. It will provide one-off, time limited support. Governments will be allowed to apply measures to stimulate in particular disadvantaged or older workers, to remain in or return to the labour market. The Fund has been foreseen to offer resources for: job search and mobility allowances; counselling; new

“The EGF has been an interesting political exercise in the face of the challenges related to the contemporary European Union trying to ‘combine fire and water’, i.e. to reconcile free trade with social solidarity”

ICT skills and other forms of training, entrepreneurial support – including micro credits – to workers who have been made redundant. It will help individual workers; companies will not receive support from the Fund.

Following analyses of applications, the Commission makes proposals to deploy the money. Final decisions are taken jointly by the two other arms of the budgetary authority (i.e. the European Parliament, the Council). The Council acts by a qualified majority and the European

Parliament by a majority of its members and three fifths of the votes cast.

By the end of November 2007, the Commission received in total ten applications. Two applications from France, one from Germany and one from Finland were already positively reviewed by the Commission services. Six further applications (three from Italy and one from Malta, Spain and Portugal) are currently being screened in Brussels.

Member State	Case	Sector	Applicaton received	Amount requested	Average of EU assistance per worker
France	Peugeot suppliers	Car manufacturing	11 May 2007	€ 2 558 250	€ 9581
France	Renault suppliers	Car manufacturing	11 May 2007	€ 1 258 030	€ 2003
Germany	BenQ	Mobile phone manufacturing	27 June 2007	€ 12 766 150	€ 3865
Finland	Perlos	Mobile phone manufacturing	18 July 2007	€ 2 028 538	€ 2217
Italy	Sardegna	-	26 July 2007	€ 13 888 300	-
Italy	Piemonte	-	10 August 2007	€ 10 901 200	
Italy	Lombardia	-	17 August 2007	€ 18 707 500	
Malta	Malta	-	12 September 2007	€ 681 207	
Spain	DELPHI	-	October 2007	€ 14 957 382	
Portugal	Lisboa-Alentejo	-	October 2007	€ 2 425 675	

Current applications submitted to the European Commission (as of the end of November 2007); updated information available at: http://ec.europa.eu/employment_social/egf/current_en.html.

In March 2007, the French government filed two requests to the European Commission on the funding from the EGF. France requested nearly 4 million Euros for the support to the automobile equipment suppliers for Renault (€1,258,030) and Peugeot (€2,558,250) facing currently structural difficulties due to international competition. As one Brussels-based expert noted, '(...) the French request was the first one. One should not set a precedent by authorizing this assistance for political reasons, when it does not meet the eligibility criteria for funding' (*Le Monde*, 1 April 2007). As reported by the newspaper, the French government had difficulties in convincing the Commission about the rationale of the applications. Nevertheless, the Commission's decision concerning the first two applications was positive for the French government.

Over 5 million Euros (with the 50% support from the EGF) will be provided to 267 workers made redundant in one of the suppliers of Peugeot in Ardennes. Around 82% of financial support is meant to be spent on 12-month long job-search allowance to assist workers in participating in

the training and in seeking new jobs. Two other pillars of the personalised services: training measures and grants to stimulate older or disadvantaged workers to remain in the labour market will receive respectively 5% and 13% of the total funding. In the application of Renault, the share of support for job search assistance accounts for 50%. The remaining financing is to be allocated on trainings leading to obtaining qualification, measures stimulating older workers and other instruments. 628 workers from four production sites will profit via a new instrument especially conceived for the application of the EGF.

In June, the German government filed a request to tackle labour market related problems within two German subsidiaries of BenQ company that nearly one year earlier had taken over Siemens' mobile phone business. The requested amount of financial contribution for 3303 workers was more than three times higher than in the French requests, i.e. € 12,766,150. Here again the short-term allowance, meant to secure financial means for workers, accounted for 70% of the total costs of the project. Further 13% of the funding will be spent to cover

mobility allowances allowing unemployed workers to accept less attractive job offers in terms of a geographic remoteness and lower salary.

The fourth application was submitted by Finland's government. Intervention criteria in this application was based upon Article 2(c) wherein assistance can be granted to workers made redundant in 'small labour markets(...)duly substantiated by the Member State(s) concerned(...)when redundancies have a serious impact on employment and the local economy'. The said 'small labour market' is located in the Northern Karelia, in the east of Finland where two factory sites producing plastic parts for cellphones were shut down. To assist 915 redundant workers, the Perlos Service Unit was established as the 'regular' employment services were perceived as insufficient in this particular case. Besides job-search assistance, money will be allocated to training, entrepreneurship promotion, mobility allowance (travel and removal cost allowance), and subsidy vouchers to support a job seeker's employment by decreasing the wage costs of a new employer.

Following the positive evaluation presented the Commission, final decisions have to be taken now by the Parliament and the Council. In spite of the UK doubts entered in the minutes of the October session of the Economic and Financial Affairs Council, the French applications received a favourable opinion from the Council (9 October 2007). The European Parliament, following the opinions of the Committee on Budgets and the Employment Committee, issued a supportive resolution (23 October 2007). The Decision on granting funds to the French requests was officially published in the Official Journal of the European Union on 13 November 2007. At the time of writing, i.e. the end of November, the Finnish and the German applications were not yet revised by the Parliament nor the Council.

The evaluation of the six other applications have not been yet completed by the Commission services. Within the period of one month (July-August 2007), the Italian government lodged three applications for the entire sum of over 43 million Euros. The names of the cases refer to three regions: Sardinia, Piedmont and Lombardy and in that respect they differ from the previous files lodged on behalf of private companies. Should the money be granted, Italy could become the biggest beneficiary of the EGF in 2007. The recent application from Malta might refer to the statement of the Maltese government

"The Italian government lodged three applications for the entire sum of over 43 million Euros [...]. Should the money be granted, Italy could become the biggest beneficiary of the EGF in 2007".

that stipulated the possibility of applying for the Fund to assist around 700 workers made redundant by the closing of two textile companies: VF Jeanswear and Bortex factories. The Portuguese application seeks to subsidise activities within two regions: Lisbon and Alentejo, while the Spanish request, with the biggest budget so far, is supposed to assist redundant workers for the DELPHI company, a supplier of mobile electronics and transportation systems.

Can the EGF really serve as a European added value to building some active labour policy measures? It is too early to estimate the exact output of the EGF and its future. In quantitative terms, according to the European Trade Union Confederation, only 10 per cent of the workers eligible for funding could benefit from the Fund. Furthermore, final effects depend on the actions sponsored by the Fund. Only active labour market measures could indeed help relocate redundant workers into more promising labour sectors. As a matter of fact, in the case of already revised applications, most financial support goes to the vaguely

defined 'job-search assistance'.

With the adoption of the first final decision only in mid-November, the European Globalisation Adjustment Fund has not proved yet to be a quick measure to assist redundant workers. In this context, the recent call of the European Parliament to make the necessary efforts to accelerate the mobilisation of the Fund, and where

necessary establish early warning system between the European Parliament and the Commission, in the form of early communication of requests submitted to the latter, should not be overlooked.

In order to show a more 'caring dimension' and counteract the image of the EU as the scapegoat of unpopular decisions, the EU and national policy-makers decided to establish the EGF. The supporters of the Fund believed that the initiative would help EU citizens 'digest' decisions related to further opening of the borders to external competition. The Fund is supposed to make the EU visible not only in the regions eligible for the Structural Funds (i.e. where per capita gross domestic product measured in purchasing power parities is less than 75 % of the Community average) but also in those more developed. In this sense, Eurosceptics might start believing in the more positive dimension of Brussels. To a certain extent, the Fund might prove the European Union to be an 'umbrella against globalisation' rather than a 'transmission belt of liberalisation'. It remains to be seen to

what extent it is a positive trend. Leaving the evaluation aside, one could indicate ever stronger protectionist signals from national politicians. The successful attempt of the French President Nicolas Sarkozy to delete from the Reform Treaty reference to 'free and undistorted competition' was followed by another 'wording' victory. The new Reform Treaty stipulates in Article 3(5) that: 'In its relations with the wider world, the Union shall uphold and promote its values and interests and *contribute to the protection of its citizens*' (italics added). It will be interesting to see how the future developments related to the EGF will fit to such a rhetoric.

Interestingly enough, the Fund itself might not bring the expected results from the 'marketing' point of view. The visibility of the EGF still remains the issue to be solved. Contrary to the provision prescribed in the Regulation's Article 9(2), the Commission still, eleven months after the adoption of the Regulation, has not set up a web site devoted to the EGF in all Community languages, limiting on-line information to merely three languages. Only partial interest in the Fund expressed so far by the domestic media might again leave citizens unaware of this initiative. This might become even more problematic owing to the lack of rules concerning the way the EGF and the EU as such should be identified among individual recipients and general public opinion as the actual source of financial support. Furthermore, although the EGF was adopted as an instrument that would give a more human face to the EU image, this might not work in the way envisaged, at least, by the Commission. The problem lies in the rules of the procedure that put national governments in an advantaged position. If, in the final output of the application revision, money is granted, national governments will 'claim glory' for the positive decision. On the other hand, should an application be rejected, it will be the Commission to be blamed for the unsuccessful output. One way or another, the EU as such might not profit in improving its perception among citizens the way it has been hoped for.

For the more details about the European Globalisation Adjustment Fund refer to the URGE Social Europe Issues at: <http://www.urge.it/english/socialissue.php>.

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