Two fundamentally contradictory readings of the building of Europe were possible in 2005: first, that the initial project had been abandoned; second, that it was being redefined.

According to the first reading, this was the year when all of the Community’s achievements to date were being reconsidered: rejection of the constitutional Treaty, rejection of the very foundations of European construction (economic liberalism and supranationalism), reappraisal of a “European social model” deemed no longer suited to the current climate of competition and globalisation, reappraisal of the common policies and especially the common agricultural policy and the economic and social cohesion policy, controversy over future EU enlargements to take in Turkey, Croatia… Even monetary union has been called into question in speeches by certain politicians in the aftermath of the referendums in France and the Netherlands. The French and Dutch “no” votes thus appear to have opened up a Pandora's box.

According to this reading, such an uncertain climate has a major impact on the conduct of the institutional players concerned. The European Commission is in retreat, unable to offer political leadership in this crisis situation and making more use of its right of initiative to deconstruct than to construct – in the name of fighting paperwork and red-tape. The Council is divided into factions (old members and new members, conservatives and progressives, contributors and beneficiaries, etc.), which can only reach agreement at the cost of repeated diplomatic contortions and convoluted compromises – witness the saga over the 2007-2013 financial perspectives. As for the European Parliament, finally, even though it is becoming more assertive in the legislative
process, it is being forced to revise its rules of procedure on account of a proliferation of incidents in its midst – taunts, altercations, insults and even blows (1)! Such an approach inevitably concludes that all this spells the end of the European spirit which inspired the founding fathers of the Community fifty years ago: a spirit of solidarity among Member States, connected with an awareness of a shared destiny. All that can be done now, therefore, is to found Europe anew around a reduced number of countries, with the euro zone sometimes posited as the most appropriate terrain for more intensive political integration.

The other reading, however, would have it that in 2005 the European Union spent the year stabilising the democratic, economic and – to a lesser extent – social institutions of the new Member States while strengthening its economic competitiveness. Contrary to the doomsayers’ predictions, the consequences of enlargement have largely been mastered. The French and Dutch “no” votes on the draft constitutional Treaty had the merit of finally opening up a fresh, no-holds-barred debate about the European project and its integration methods. The debate that was missing at the time of enlargement in 2004 has, in a sense, come back in “through the window” in 2005. Discussion about the accession of Turkey has also opened up the debate about Europe’s geographical and cultural limits. It is a difficult debate, but one which is crucial to the future identity of the European project. What is meant by “we Europeans”? Where does “the other” begin? How much solidarity is there among us? And with the outside world?

According to this second approach, the institutions of the enlarged Union are still bedding down, but the agreement on the financial perspectives at the December European Council demonstrated their capacity to function. Ultimately, are budgetary negotiations really any more arduous nowadays than in the 1970s and 1980s? This optimistic

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vision maintains that Europe should now undertake reforms in order to adapt to the demands of economic competition and globalisation, whilst preserving the key characteristics of its unique social model, an alternative to the US model. Far from fading away, the European model is looked up to as an example in several regions of the world and is likely to gain ground bit by bit.

One thing does become obvious from this brief presentation of both readings: the initial project devised for a Europe of Six is no longer able to meet the challenges of a Europe of 25. What follows is that either the building of Europe will grind to a halt or its aims and methods will be redefined: the former scenario is inevitable if the latter does not happen (but the latter does not guarantee that the former will be avoided).

Thus, if it has become indispensable to redefine the European project, the main reason is that some of the post-war dreams of a peaceful and economic reunification of Europe have materialised. Another reason is that an integrated market has almost entirely been achieved: the internal market has become a routine matter and is no longer a political driving-force. Champions of economic liberalism will of course highlight delays in the transposition of directives concerning the internal market, bureaucratic headaches and “obstacles” to Europe’s competitiveness. Basically, however, it has to be admitted that, twenty years on from the White Paper on the internal market, the bulk of the groundwork has been done – indeed, more than had been expected, as far as deregulation and network industries are concerned (2), on account of changes in the wider world.

In our opinion, the redefinition of the European project took two opposing forms in 2005. The first was the attempt to endow the enlarged Union with a constitutional Treaty. Beyond the inherent limitations of any compromise, the purpose of this project was essentially to redefine broad principles for building Europe and

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2 It is nevertheless worth noting that, unlike the internal market, the euro has not yet found its point of balance, as illustrated by the renegotiation of the rules of the game (the Stability Pact) and by the desire in some quarters to put it at the heart of enhanced cooperation.
strengthening its institutions. It was most certainly a compromise – an inevitable source of dissatisfaction – but one which gave Europe’s political, economic and social stakeholders some clearly defined rules of the game underpinned by shared values and objectives. The political instability of this compromise probably arose from the fact that this draft constitution, this institutional construct, preceded the emergence of a European “demos” vital to our coexistence. In other words, what this constitution lacks is a social vision of our coexistence which could have helped, in the medium term, to forge a European identity.

The second manifestation of a new project for Europe strikes us as more insidious: this is the one which unobtrusively produced the “services” directive (prior to the European Parliament’s amendments) and the “better regulation” initiative. What is the underlying approach behind these two elements? The services directive initially contained a vision of European construction whose intention, in addition to establishing a large market in services, was to oblige not companies but national legislations to compete with one another. That vision radically alters the rules of the game and hence the conduct of the political, economic and social stakeholders. The same applies to “better regulation”: it serves not so much to bring about a qualitative improvement in public action as to discredits political regulation in itself.

It is therefore obvious that, in their ideal types, both of these political projects pervert nothing less than the two founding principles of European construction, namely economic liberalism and supranationalism. As concerns the services directive, in its ideal type national legislations are forced to compete with each other in the name of a certain form of economic liberalism, so any notion of solidarity and shared destiny is destroyed. As concerns the “better regulation” initiative, in its ideal type supranational regulation is abandoned in the name of European competitiveness, by making economic interests take precedence over public action (e.g. in the field of health and safety).

Both of these initiatives emanate from the European Commission, under pressure from certain Member States, and they both carry within them the wherewithal to pervert the two founding principles of the Community. Under these circumstances it is hardly surprising that, in several Member States, 2005 signals a return to national “economic
patriotism”: if Europe is to be about competition, then everyone will look after their own interests and reject the other; if Europe does not guarantee the same rights, then the “Polish plumber” and the Estonian labourer should stay at home!

We would make another point here. It seems to us that the European agenda has undergone a fundamental change in recent years as a consequence of enlargement and globalisation. Briefly, we have moved from an internal agenda (common agricultural policy, internal market, euro, etc.) to an external agenda (Europe’s role in the world, international trade, asylum and immigration, common foreign and defence policy, etc.). Europe is much more deeply immersed in the world now than it was in the past.

As a result of enlargement there are new borders to be managed with Russia, Ukraine and Belarus, and new responsibilities to be borne in terms of regional stabilisation. Migration flows have likewise become more complex, and Europe now has greater responsibility towards Africa. The negotiations with Turkey can only intensify this process. Such changes naturally pose questions about the European model – including the social model – in the context of globalisation. The appointment of Pascal Lamy to the top job at the World Trade Organisation might reveal Europe’s capacity, or incapacity, to develop its own consensual agenda. The emergence of China and, to a lesser extent, India signals the start of a period when both diplomatic and foreign trade relations become crucial.

In a sense, if twenty years after the launch of the internal market Europe has managed to integrate economically and, in part, politically, then the time has now come to demonstrate its ability to project its model of political integration to the outside world, incomplete and fragile though that model still is. This new challenge could lead to one of two scenarios. In the first case, the shock of external developments could help destroy the internal political achievements already made; that is, the edifice is not sufficiently robust to withstand the external challenges and these serve to undermine political integration (the scenario of political dilution in commercial globalisation). In the second case, these challenges help strengthen the internal dynamic by enabling Europe to carve out a specific role at global level. This does not mean
that external challenges will bring about a federal Europe in the classic sense of the term, but that the European preference for resolving conflict through dialogue and for establishing common standards can also be found at international level (3).

What will be Europe’s place in the world ten years from now? What contribution will it make to stabilising the world? How open will it be to immigration? And what vision of global development will it offer? While economic and monetary integration is still underway, external political factors will force the European project to reinvent itself.

The question of leadership is central in this new environment. In the recent past, key figures such as François Mitterrand and Helmut Kohl managed to clinch compromise deals to finalise the internal market and the single currency. Which European leaders will be able, today and tomorrow, to set out a coherent European vision in the face of these external challenges? For want of such a vision, there is a risk that the present leaders may fall back on an approach to the Union consisting in deregulating national economies and compelling citizens to accept change in the name of a Europe which imposes such constraints that they can no longer identify with it. “Better regulation” and the services directive were striking examples of this phenomenon in 2005.