

**June/July 2005 - CER BULLETIN, ISSUE 42****EUROPE BEYOND THE REFERENDUMS****By Charles Grant**

The French and Dutch have not only stopped the passage of the constitutional treaty, but also, quite probably, the wave of European integration that began 20 years ago with Jacques Delors, the single market and the Single European Act. In both France and Britain, an important precedent has been set: henceforth, proposed changes to the EU treaties that are of any significance will have to be approved by referendum. This means that the chances of the EU agreeing to a closer political union in the foreseeable future are minimal. This halt to the Union's 'deepening' may also signal an end to further 'widening' (see Alasdair Murray's article).

The Union, however, is neither dead nor dying. The Luxembourg and (from July 1st) British presidencies need to show that the EU remains a viable enterprise, that it can improve its institutions, and that it is capable of tackling the wide array of challenges that confront it. Above all the Union needs to recognise that in large parts of Europe it is neither understood nor appreciated. The EU's leaders should adopt a four-pronged strategy for keeping the Union focused and forward-looking.

First, they must deal with the many problems that are piling up on the EU's agenda. These include agreeing on a budgetary package for the next seven years, concluding the Doha round of trade talks, sorting out the future of Kosovo and helping persuade Iran to halt its nuclear programme. The French and Dutch referendums having battered its credibility, the Union needs to show that it can deal with difficult issues in an effective manner.

The French referendum makes it particularly hard for the EU to push ahead with economic reform and enlargement. Many will interpret the Non as a vote against liberalisation and further accessions. But given the dreadful performance of much of the Euroland economy, the EU has little choice but to continue with economic reform - even though most of the key decisions rest with national governments. And it must keep its promise to start negotiations with Turkey on October 3rd, however controversial that is in some countries. The French and the Dutch have voted on the constitutional treaty not Turkish membership, and the French have been promised a separate referendum on that issue once Turkey has concluded its accession talks.

Second, EU leaders need to show that they have listened to the Union's critics, and that they are serious about trying to make it less remote. But they should avoid rushing into snap decisions that aim to overcome the 'democratic deficit'. The European Council should appoint a small panel of, say, three people, some of them young and none of them practising politicians, to look at ways of bringing the EU closer to the people. They should travel around the EU, spending as little time as possible in Brussels - the problem with the constitutional Convention was that it only ever met in Brussels. They should engage with people from a wide array of backgrounds, and every part of the political spectrum. They should produce a short report that offers guidelines to the governments on how to better connect the EU political system to the member-states.

Such a panel would show that the governments understood there was a problem, and that they were doing something about it, but not force them into premature decisions. The work of the panel would also help to show people that there are no easy solutions to the problem of the EU's remoteness.

Third, the European Council could make a few institutional improvements within the legal base of the existing treaties. For example the heads of government could decide to open decision-making in the Council of Ministers to the public. Furthermore, the governments and the Commission could agree to apply the proposed article in the constitutional treaty that would permit a third or more of the national parliaments to ask the Commission to reconsider a draft law. Even Eurosceptics could surely not object to such measures.

The application of some of the foreign policy provisions would be more controversial, yet the need for effective EU foreign policy is becoming ever more acute. The Commission and the Council of Ministers

have started to build an EU diplomatic service, consisting of officials from the member-states, the Council and the Commission. This task needs to be accomplished speedily, so that Javier Solana, the High Representative, has more resources to help him in his role of co-ordinating EU foreign policy. Whether the EU can on an informal basis merge Solana's job with that of the commissioner for external relations, to create the 'foreign minister' promised by the treaty, is more dubious. Any attempt to create that post on the legal basis of the current treaties would probably be too controversial for some member-states.

Finally, after a pause of several years, the EU will need to come back to the question of amending its treaties. Trying to do so soon after two negative referendums would be hubristic. However, the Nice treaty of 2002 is cumbersome and inadequate. When the heads of government have reflected on the panel report on how to reconnect the EU with the people, they should hold a 'mini-inter-governmental conference'. This would last a day or two, and agree on just a few treaty amendments. The resultant mini-treaty might, for example, bring in the 'double majority' voting rules (simpler and fairer than the current 'qualified majority voting'), replace the rotating presidency of the European Council with a full-time president, and create the foreign minister.

Most governments would want to ratify the new treaty by parliamentary vote. Eurosceptics would complain that arrogant politicians were once again building Europe behind the backs of the people. The governments should face them down, pointing out that virtually all the constitutional treaty had been abandoned, and that the mini-treaty concerned technical adjustments designed to make the EU work better. The governments should therefore be careful to ensure that the mini-treaty does not transfer new powers to the EU, for example by extending the remit of majority voting.

This strategy will not appeal to federalists. Some of them still hope to save the constitutional treaty. But they must accept that the document is dead. They should perhaps seek solace in the provisions of the existing treaties that allow groups of member-states to co-operate more closely in certain areas. The EU as a whole cannot take major steps towards a more united Europe unless it can persuade electorates of their merits.

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