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Luxembourg Institute for European
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EXECUTIVE SUMMARY

Conference on

New Mechanisms of Policy-Making for the European Union

3-4 July 2010
Palazzo Mundell, Santa Colomba (Siena)

Introduction

The Luxembourg Institute for European and International Studies (LIEIS) held a two-day conference on 'New Mechanisms of Policy-Making for the European Union' on 3 and 4 July 2010 at the Palazzo Mundell in Santa Colomba, near Siena. This meeting was the fourth in a series of conferences which are part of a multi-annual project on the EU. This project was jointly conceived by Robert Mundell, Professor of Economics at Columbia University and the 1999 Nobel Laureate in Economics, and Armand Clesse, Director of the LIEIS. The first in this series of seminars took place in Schengen on 2 and 3 December 2006, the second in Santa Colomba on 2 and 3 June 2007 and the third also in Santa Colomba on 12 and 13 July 2008.

The 2006 Schengen conference was entitled 'Possible political structures for the EU' and focused on three questions: the fundamental challenges facing the Union, potential finalities or purposes of the EU, and ways or means of achieving them.[1] The 2007 Santa Colomba conference on 'Searching for a new political dispensation for the EU' revisited the question of the key challenges confronting the EU and outlined rival scenarios for the year 2057. It also discussed the case for and against the *status quo*, more integration and less integration.[2]

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[1] An executive summary of the proceedings, including the programme and list of participants, can be found online at http://www.ieis.lu/CONTENT%20of%20new%20Website/NEW%20Executive%20Summaries/PDF-Format/exs%2016,%20Possible%20Political%20Structures%20for%20the%20EU.pdf
[2] An executive summary of the proceedings, including the programme and list of participants, can be found online at http://www.ieis.lu/CONTENT%20of%20new%20Website/NEW%20Executive%20Summaries/PDF-Format/exs%2015,%20Searching%20for%20a%20new%20political%20dispensation.pdf

The 2008 Santa Colomba conference shifted the focus from more general themes towards a series of more specific conceptual questions (e.g. the twin objective of viability and vitality), policy issues (e.g. the EU's role in the world), as well as constitutional and institutional questions (the prospect for a 'constitutionalising' process or the fusion of the Commission with the Council Presidency).[3]

Held in the wake of the global recession and amid the sovereign debt crisis, the latest conference focused on the EU's economic situation in general and the arrangements of the eurozone in particular. But it also linked these issues to wider questions of political reform and the Union's place on the global stage following the ratification of the Lisbon Treaty. The debates were steered by Armand Clesse.

Unlike the earlier conferences, the main ambition of this latest meeting was to formulate a series of ideas and policy proposals that could form the basis for the "Santa Colomba Report", in the words of A. Clesse. Such a report would bring together the main insights of the four conferences and would seek to make a significant contribution to current political discussions. As such, it would be aimed at decision- and policy-makers as well as academics and journalists.

I. The Current Crisis

The discussions on the current crisis addressed two questions: what is at stake for the Union and what is required to sustain the fledgling recovery and deal with sovereign debt? There was wide agreement among the participants that the EU faces not so much a currency crisis but rather a financial and a fiscal crisis based on corporate and public debt. That, in turn, necessitates not just changes to the eurozone or the Union's economic arrangements but also more profound political reforms.

1. The EU's existential crisis and possible scenarios for the future

In his introductory presentation, Mark Leonard argued that the current crisis could prove to be existential for the EU as a whole, not simply for the eurozone. At the very least, the post-crisis EU will be fundamentally different from the pre-crisis EU. The Union faces five fundamental changes. First of all, new interests. Geopolitics has been supplanted by geo-economics, as the global economy has replaced world wars and Europe's civil strife. Secondly, a new geography. In the past, Europe was split between east and west. Germany was Janus-faced, turning to both whereas France was firmly focused upon the west. Now, by contrast, the divide is between north and south, with France being the key player. Curiously, Germany poses the main problem and needs to be socialised in order to stay onboard.

Thirdly, new attitudes towards integration. The post-Lisbon generation of leaders want neither integration nor enlargement. The European Commission is weak and sidelined. No new treaty is on the agenda. Linked to this is the fourth novelty – a new philosophy of international

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relations characterised by “political realism” and the absence of grand projects. We are seeing informal arrangements such as the eurozone’s special purpose vehicle, instead of formal policy-making processes and institutions. Fifth, a new global constellation. The G20 risks weakening and undermining the existing organisations, and the transatlantic relations are less crucial than at any point since 1945.

In this light, there are three different scenarios. The first scenario will see the EU rescue the eurozone but at the price of deflation in the south, sullen introspection and growing social unrest. According to the second scenario, the Union will take a ‘great leap forward’, with fiscal consolidation, greater economic integration but perhaps at the cost of a two-speed Europe affecting its role on the global stage. The third scenario is the disintegration of the euro: either a clinical separation into a northern and a southern eurozone or even messier possibilities of default and perhaps the re-creation of a Deutschmark bloc. Whatever scenario will eventually develop, the way in which the EU deals with its existential crisis will determine the sort of pole the Union will be in the unfolding multi-polar world. On recent evidence, the EU’s influence across the globe is waning.

These remarks led Robert Mundell to raise three questions. First, will the current crisis set Europe back and reverse integration or on the contrary take it forward toward greater integration? Second, is it necessary to rewrite treaties or is there enough in place to work with? Third, is fiscal consolidation sufficient for the eurozone or should it apply to the whole of the EU?

Based on this introductory presentation and three questions, the discussions turned to the nature of the EU’s current economic turmoil and possible responses. There was widespread agreement that the recession originated in the US but that the eurozone was insufficiently prepared to deal with the financial turmoil and the subsequent sovereign debt crisis. Since debt remains the main problem, many participants advocated some form of debt restructuring for the most heavily indebted members of the eurozone, coupled with fiscal consolidation and other changes to the EU’s economic governance. As such, EU leaders must avoid the current mixture of self-satisfaction and apocalyptic hysteria and instead face up to the new realities.

2. Europe’s economic crisis in the global context

A number of participants insisted that the origins and evolution of the crisis in the eurozone must be seen in the context of the global credit crunch that was triggered by the collapse of the US subprime market. In his remarks, Richard Cooper recalled how financial turmoil started in the US housing sector. No one predicted the precise sequence of events, with the crisis on Wall Street spreading to Main Street and dragging down the world economy. 1931 was the last time when similar circumstances occurred, but so far the ‘repeat’ of 1931 has not turned into a recurrence of 1933 – or 1937 when the US slashed public spending and experienced a double-dip recession that only ended with re-armament after 1939.

Since the dot.com boom and bust, the mispricing of risks was not limited to housing but also extended to sovereign debt. Until the turmoil erupted, the consensus had been that financial markets get things right – an economic orthodoxy shared by the Bush Administration, Alan Greenspan and many in the economics profession. However, a number of dissenting voices such as Hyman Minsky have consistently drawn attention to the lack of perfect, symmetric information and the importance of historical knowledge. In their book *This Time is Different* (2009), the economists Carmen Reinhart and Kenneth Rogoff also show how over the past eight centuries financial crises have tended to exhibit certain recurrent patterns linked to careless lending, excess borrowing, financial panics and government defaults which characterise both developed countries and emerging markets. As such, there are lessons to be learned to avoid a repeat of the global recession, R. Cooper concluded.

According to Paul Taylor, the failure of LTCM (Long Term Capital Management) in 1998 was a key moment in the unfolding of the financial and economic crisis. In response, Alan Greenspan and the US Fed took the wrong course of action, repeatedly opening the money tabs and failing to consider more stringent regulation of derivative trading and other new instruments of global finance. More fundamentally, Keynesian 'social democracy' was increasingly marginalised after most left-wing parties embraced the right-wing economic policies of neo-liberal free-market liberalism (especially New Labour in the UK). As for concrete reforms, the Office for Budgetary Responsibility put in place by the new coalition government in Britain could perhaps be adapted to the requirements of the EU or EMU. On the issues of spending cuts, countries with spiralling budget deficits like the UK and Greece can ill afford to maintain their current levels of defence spending.

In his remarks, R. Mundell stressed that the eurozone is not suffering a currency crisis but rather a financial and fiscal crisis. The euro depreciation vis-à-vis the US dollar has been hurting the USA by undermining its economic recovery at a crucial moment and threatening a double-dip recession. In the case of Europe, public debt is the greatest obstacle to sustained growth. Countries on the European periphery with low productivity and high budget deficits and public debt levels have had a bit of a free ride, benefitting from stable exchange rates and the credibility of the core. However, the much-vaunted Growth and Stability Pact is in ruins because the core has failed to impose discipline on the periphery and has become itself increasingly profligate.

The eurozone's debt problem was of course caused by higher than viable structural deficits and the fallout from the global credit crunch. But it has been exacerbated by recent exchange rate movements, raising the costs of dollar-priced imports. Fluctuations vis-à-vis the US dollar have been vastly overshooting, reaching $1.64 in June 2008 before depreciating by 30% in the period to December 2009. This has aggravated the debt problem in terms of debt-GDP ratios. At the same time, current debt-GDP ratios are neither historically unprecedented nor economically unsustainable in the short-run. By comparison, the US debt-GDP ratio in 1945 was 125% but tumbled to 45% by the mid-1950s – admittedly in large part through inflation.

Even if the ECB will fight inflationary pressures tooth and nail, a combination of fiscal retrenchment and sustained growth will restore stability to the public finances of eurozone countries. There can be little doubt that this will require more integration at the level of national budgetary policy. Fundamental changes in the treaty will be needed to modify the parameters and make the euro's fiscal rules both credible and sustainable.

In the ensuing discussion, there was agreement among many participants that in its current setup, the eurozone is dysfunctional and requires wholesale transformation. From the outset, EMU was never a Mundellian optimum currency area (OCA), with the necessary levels of labour mobility or fiscal integration. Arguably, even some member-states like Italy do not fulfil the criteria of OCAs. The choice is therefore between giving the markets more power or taking more collective state responsibility. Concretely, the EU needs to publish more detail on the special purpose vehicle put in place in May 2010. European leaders will also have to decide whether to turn that structure into a European Monetary Fund. In the medium run, the Maastricht Treaty will have to be re-written and other political and institutional reforms envisaged (Alfred Steinherr).

However, other participants contended that the EU faces nothing like an existential crisis. The Union has just adopted the Lisbon Treaty and is still enlarging (Croatia, Iceland). In fact, European integration has been a two-speed process since 1957. For these and other reasons, what is now needed is a set of subtle mechanisms to address the problems – but no *coup de théâtre*. Indeed, there is absolutely no appetite for treaty reforms in the national capitals or in Brussels. On the contrary, there are ongoing turf wars on how to make Lisbon work. The task is to put first-rate statesmen in charge rather than second- or third-rate career politicians. Moreover, the current focus on internal reform is misguided. The EU's role at the level of the G20 is confused: Europe is shrinking, ageing and getting dumber – the real challenge is China, not the euro (Giles Merritt).

Other participants sought to chart a middle way. According to David Calleo, the EU is not doing so badly. There are real constitutional problems (including on the thorny question of fiscal coordination) but some new mechanisms are in place to address these and other challenges. Historically, the EU always tended to grow in the wake of crises. In the 1960s, it was de Gaulle's 'empty chair' policy that reinvigorated integration. In the 1970s, euro-sclerosis was tackled by Chancellor Schmidt and President Giscard d'Estaing. In the 1980s, Jacques Delors' plan for a single market overcame economic recession and political stagnation.

Compared with the US, the EU is in good shape. During the Clinton administration, the public sector was saving and fiscal stability was restored, whereas the Bush Administration squandered this legacy and turned government into the biggest spender. Coupled with the huge cost of the recession, the US now faces a twin mountain of public and private debt. Moreover, President Obama's health care reform will be expensive, and the defence budget is now larger in comparative terms than the biggest defence budget under Reagan (Clinton benefitted from the 'peace dividend' of the post-Cold War). The real issue is how long the US can go on with such deficits and debt levels. D. Calleo concluded that on the whole, the Europeans seem to manage better but the European crisis needs to be seen in the context of the credit crunch that originated in the US.

3. The Greek crisis and the turmoil in the eurozone

More specifically on Europe's sovereign debt crisis, Miranda Xafa argued that the Greek tragedy was the result of profligate spending under successive governments which cooked the books and did not disclose the real level of budget deficits to Eurostat or the Commission. When the new Greek government took power in the autumn of 2009, the disclosure of the real budget deficit, coupled with the sovereign debt crisis in Dubai, triggered a panic on financial markets that Greece was going to default on its debt. With the ECOFIN verdict in March 2010 that the Greek austerity programme would be insufficient to avert default, Chancellor Merkel refused to put money on the table. With market fear spreading, there was pressure on Germany to agree some form of bailout. But since the Commission lacks expertise on how to structure fresh loans and bring about fiscal consolidation, the IMF was always best placed to lead a rescue action plan.

This led to an intense exchange of views on the advantages and limits of IMF involvement in the eurozone debt crisis. Some participants argued that the IMF should and could have been called in to help as early as March 2010. The Fund has extensive experience in dealing with economic trouble in advanced and developing economies alike, especially since the early 1980s. An IMF-led solution with funds from other sources was the obvious course of action (R. Cooper; M. Xafa).

Others disagreed, saying that there were political reasons not to rely on the IMF. The eurozone wanted to deal with a crisis that was largely self-made and cast a long shadow over the credibility of current arrangements. Moreover, the French President Sarkozy was reluctant to get help from an organisation led by his potential future rival in the 2012 presidential elections, the former French socialist finance minister Dominique Strauss-Kahn. These political arguments against any IMF participation in the rescue ultimately backfired – delaying action, weakening the euro and raising the costs of the bailout (Harold James, Laurent Cohen-Tanugi).

There was also speculation that Greece's debt crisis was deliberately allowed to escalate and spread, so that it would engulf the whole eurozone and provide EU officials with a pretext to change the rules of the game. Evidence for this hypothesis is the fact that an IMF-led solution could have been agreed upon five months earlier than it eventually was in May 2010. The Germans apparently proposed such a strategy, but political wrangling with France and Brussels delayed agreement (R. Cooper).

A number of participants dismissed this hypothesis, arguing that Germany refused to step in because there were – and still are – concerns about whether certain eurozone members are prepared to sacrifice profligacy and embrace the German 'culture of stability'. Instead, Greece is a microcosm of what's wrong with large parts of Europe, notably deep deficiencies that require structural reform (A. Steinherr). In her speech to the German parliament on 19th May 2010 in defence of the bailout, Chancellor Merkel was adamant that any new rules for the eurozone would be made by the stronger, not the weaker – recalling Bismarck's theme of blood and iron (H. James).

In any case, the EU needs a much tighter system of monitoring national fiscal imbalances. Eurostat now has more authority to scrutinise national economic data and statistics, but it and the European Court of Auditors require further powers (A. Steinherr). Given US paternity of the European crisis, it is also time that rating agencies take some blame, as they 'price' both corporate and sovereign debt. That, coupled with the imperative to reduce speculative activity, should induce the EU to set up a credit rating agency system that is totally transparent (William Pfaff).

4. The case for and against debt restructuring

In his remarks, Adrian Pabst argued that the real crisis of the eurozone is not simply one of sovereign debt but also – and above all – one of corporate and private debt. After the burst of the dot.com bubble, central banks in the US, the UK and on the European continent injected ever-greater liquidity into the financial system. Coupled with financial innovation (especially in terms of derivative trading and other instruments), lending restrictions were lifted and easy credit fuelled an already inflated asset price bubble. With the scale of both corporations and household debts rising to unprecedented levels, the global economy has seen a growing abstraction of capital from the productive sectors of agriculture, manufacturing and industry. Reinforced by successive waves of liberalization, deregulation and privatization, money was increasingly poured into new services such as finance, insurance and real estate (or FIRE). Thus the ‘new economy’ was born, based upon trillions of dollars in faked wealth and growing speculation in both commodities and physical assets.

Now that this entire edifice has collapsed, governments have had to bail out the high priests of global finance with taxpayers’ money – thus escalating already excessive structural budget deficits. Instead of state default, the real risk is a death spiral of debt-deflation, with austerity programmes depressing public spending at a time when households and corporations are de-leveraging. A descent into a double-dip recession would of course raise the value of debt. In order to avoid either debt-deflation or a trajectory of low growth and high unemployment, the eurozone countries need to consider debt restructuring – starting with Greek sovereign debt. Since there’s contagion to other heavily indebted euro members like Portugal, Spain and possibly Italy, restructuring debt must be extended to the rest of the eurozone. In addition, countries could also put in place mechanisms to convert some of the debt held by households and corporations. Debt restructuring helps growth by reducing the interest rate burden and putting a floor under asset prices, A. Pabst said.

According to Edmond Alphandéry, what is striking to all is that there is a gulf between market participants and policy-makers. The latter argue that no debt restructuring is necessary and that the eurozone’s governance structure does not need a complete overhaul. However, most market participants do not believe that this is a sustainable strategy – an argument that was shared by other participants like L. Cohen-Tanugi.

Asked about why policy-makers refuse to contemplate debt restructuring, E. Alphandéry suggested that this is not because they either fail to see the prospect of debt-deflation or are wary about the political price of the current strategy. Rather, the argument seems to be that, first of all, restructuring now would hurt the financial sector (more losses for banks holding sovereign debt); secondly, there is a very real risk of contagion: to restructure Greece’s debt is immediately to create a problem in Portugal and Spain (perhaps even Italy and France); thirdly, the current crisis is a ‘family problem’. Jean-Claude Trichet has repeatedly declared that the eurozone must solve its problems internally – but that should have been said by the French or the German leader.

A number of participants reported that decision-makers in national capitals and in Brussels have discarded the option of debt restructuring. The main reason seems to be that this would be an admission of failure of the current bailout plan and the new special purpose vehicle. But even though debt restructuring is off the official agenda, the markets are already pricing in this risk. That's because the rescue package has bought Greece about 18 months. But it is unlikely that the country will be able to slash public spending because the austerity-induced recession will raise the value of debt and interest rate payment. Without strong growth (or rampant inflation, which the ECB won't countenance), neither the eurozone nor the world economy will be able to overcome the spectre of debt-deflation.

Even the projected lower value of restructured Greek debt is not an argument against restructuring because the current levels of debt and interest rate payments are unsustainable and the markets do not believe that Greece will be able to repay the emergence loans in three years. Something has got to give. One concrete proposal is to lengthen the maturity of short-term Greek debt to 10 or 20 years and pay German-level interests. Finally, punishing banks with a new tax but not via restructuring is inconsistent and makes very little economic sense (A. Steinherr; Charles Maier).

However, there is according to a number of participants an economic case against debt restructuring. First of all, both political decision-makers and market actors are unsure about consequences (especially losses to banks). Secondly, the structure of public debt differs widely across the countries of the eurozone, which makes common mechanism for restructuring debt complex and costly. Third, the timing of restructuring sovereign debt is key. To discuss changing Greek debt now would be to undermine the credibility of the bailout and the new special purpose vehicle, with incalculable political and economic costs. Fourth, how to contain the contagion that is spreading from Greece to other heavily indebted countries? Can the eurozone really afford to restructure the debt not just of Greece but also of Spain, Portugal, Ireland and possibly Italy? (R. Mundell). Fifth, if Greece implements the IMF-EU package, it won't need restructuring, as that would undermine Athens' fiscal consolidation and destroy her credibility on the international money markets (M. Xafa).

There was profound disagreement on whether or not debt-restructuring is needed. Critics of debt restructuring argued that the agreed bailout plan must be allowed to succeed and that austerity will help a sustained economic recovery led by the private sector. But advocates of restructuring sovereign debt contended that IMF growth forecasts for Greece are unrealistic and that the ongoing Greek recession will raise the country's debt burden. Restructuring Greek debt would set example for the rest of the eurozone's heavily indebted countries. Spain looks set to be next, even though fiscal policy before the global credit crunch was largely responsible.

5. The future of the eurozone and reforms of EU economic governance

According to A. Clesse, Jean-Claude Trichet recently called for the creation of a 'budgetary federation' (*fédération budgétaire*) in order to avoid future sovereign debt crises and put EMU on more solid footing. One question in relation to such a proposal is whether it balances economic and political aspects of the current turmoil. In response, R. Mundell stressed again that some form of fiscal consolidation of one kind or another seems inevitable. But what kind of political mechanism would this involve? It is clear that without solving the debt crisis, we can't address other issues in relation to the future of the eurozone.

Here various participants argued that the eurozone is facing a banking and financial crisis disguised as a sovereign debt crisis. Indeed, not only did the bailout of global finance plunge budgets deep into the red. But it is commercial banks – especially German banks – that hold state debt obligations and are exposed to the risk of default. If Greece went bankrupt, that would hurt Europe's corporate financial sector. That's why Germany opposed a bailout for so long, fearing that its banks would be adversely affected (M. Leonard; A. Pabst). For these and other reasons, the restructuring of public, corporate and private debt is imperative.

However, other participants like E. Alphandéry contended that the current decisions must be allowed to succeed first. In the wake of financial turmoil such as Greece's sovereign debt crisis, it can take up to nine months before markets stabilise again. The same was true in the 1993 crisis that led to the widening of the ERM margins and the forced exit of the UK and Italy. Within the eurozone, member-states have to go further than the Stability and Growth Pact in the direction of fiscal coordination and consolidation. In any case, the common currency was always a political project that required leadership and a shared national commitment to make it work. But since countries outside the eurozone like Britain won't submit their budget for common scrutiny, it seems premature to call for an EU-wide new system of economic governance.

On these issues there was considerable divergence among the participants. If the sovereign debt crisis is in fact a financial crisis linked to debt, then surely part of the solution is to reform the financial sector, as A. Pabst remarked. The EU cannot afford to wait for the G20. The group is deeply divided between developed economies, emerging markets and developing countries. Since it first met in November 2008, it has proven to be a useful instrument of crisis coordination (financial bail-out, monetary expansion and fiscal stimulus). But it is increasingly evident that the G20 has failed to bring about significant changes to global economy, let alone launch a process of systemic transformation. The group has neither agreed basic financial reform (capital requirements, bank levies or transactional taxation) nor made progress on new growth models (re-localizing global capital, promoting green technologies, etc.). The most recent summit in Canada in June 2010 that ended in sharp disagreement over austerity measures seems to confirm that the power of the G20 to modify the relations between states and markets has already peaked and is now waning.

Instead of looking to the G20 for comprehensive reform, the EU should direct the debate and lead by example, adopting and implementing wholesale reform of financial services and promoting investment models that combine private profit with greater social benefit – thereby reconnecting finance to the real economy. Linked to this is the need for greater fiscal coordination not just among eurozone countries but also between the member-states of the Union as a whole. This is because the economies of the 27 are closely inter-twined and in many cases European regions trade more with regions in neighbouring states than with the rest of their home country. That's why so much depends on the new economic strategy 2020 which is currently being drawn up. On this and other key issues, it is the Council, not the Commission, which should be in charge (A. Pabst).

Yet others called for more integration, irrespective of whether this requires treaty reform or not. Without further deepening, the eurozone will break up. Integration has been a dirty word for the better part of 20 years, but the case for it remains compelling (L. Cohen-Tanugi). However, many participants dismissed this as unrealistic. First of all, it is not clear whether crises are seen as opportunities to advance a federalist agenda. Currently there seems to be no appetite at all in national capitals for some old or new variant of federalism (Adrienne Héritier; M. Leonard).

Secondly, if fiscal consolidation means that Brussels sees budgets before national parliaments do, then that's a form of federalism that is both unnecessary and undesirable. Unnecessary because fiscal consolidation is not indispensable to currency areas. Take the USA, Canada, Switzerland as examples where the centre has no fiscal power or responsibility over the borrowing of lower levels. California is on its own, and different US states pay different premia on their bonds. Undesirable because decisions on taxes and expenditure are at the core of democracies. To centralise fiscal policy is to alienate people by disenfranchising parliaments or have the Commission effectively override nationally elected representatives. The public simply won't tolerate externally imposed expenditure limits or even spending cuts (R. Cooper; D. Calleo).

6. Outlook and prospects

In his remarks, Fabio Petito argued that the distinction between politics and economics does not make much sense in the context of the current crisis. The Greek sovereign debt problem involves economic issues but raises broader political questions, notably the role of the US in the global economy. If the global credit crunch started in the US (as it clearly did), then it reveals a fragility that is also visible in the American inability to provide stability and project real influence. In turn, this raises questions about the place and role of the US dollar in the international system. Compared with the era of neo-liberalism, politics should regain sovereignty – a source of potential conflict in transatlantic relations.

E. Alphandéry was adamant that the major issue is the eurozone, not the EU as a whole. He agreed with the above mentioned point that we should not have too much discipline imposed and control exercised by the EU on national parliaments. Recently, the French Assembly reacted negatively to the latest Commission proposals going in this direction. But how come the eurozone did so well from 2007 to early 2010? Fiscal expansion at the national levels was applauded. But when the problem of fiscal sustainability surfaced, the common currency came under huge pressure. One credible hypothesis is that the Bundesbank has always had concerns about fiscal loosening and wanted to counteract this precedent. While fiscal sustainability is key, both for individual members and for the eurozone as a whole, there is a case to be made in favour of some form of fiscal federalism and an EU-wide budget, but not through higher taxes. Linked to this is the need for some kind of European *fiscal* court of justice.

G. Merritt returned to Robert Mundell's original questions, saying that the EU lacks a coherent political narrative. It's simply not clear what exactly the problem is. What can be said with some degree of certainty is that the euro was always a fair weather vehicle that was going to struggle during a major crisis. Equally, it is evident that the crisis has buttressed the authority of certain institutions – the ECB has been much better than the Commission. More generally, there tends to be leads and lags of approximately 5-10 years. On this rule, there won't be a proper political response until 2015 or later. Up to this point, the Union will continue to muddle through – waiting for the opportune political moment to launch reforms.

In all likelihood, treaty revisions will be done in large part by stealth, not by political melodrama.

II. The EU after the Lisbon Treaty

The discussions on the EU after the ratification of the Lisbon Treaty addressed two sets of questions. First, can and will the Lisbon reforms survive? What adaptations or transformations are desirable and feasible with or without treaty revisions? Second, how could and should integration and enlargement evolve? What is the case and prospect for a common *telos*, ethos and *demos*?

1. What exactly has Lisbon changed?

Jan Zielonka wondered whether it makes any sense to discuss Lisbon when it has introduced some new positions but not changed very much at all. If the EU doesn't perform during periods of prosperity, why would people in Europe or elsewhere back the European project in times of crisis? In the Great Depression of 1929-31, the phrase was "brother can you spare a dime?", now it should be "brother can you spare a paradigm?" Lisbon fails to address the conceptual and intellectual vacuum in which Europe and the world find themselves. The current void is filled with unpleasant spectres from the past that are alive and kicking – nationalism, xenophobia and introspection. Ideologically, social democracy was killed by Blair's 'third way'.

The EU member-states have run out of money, but China or other countries with sovereign wealth funds have not yet decided to back the European economy. Russia's policy is still based predominantly on energy and offers little by way of a common political project. It is true that in the case of Europe, crises have often jolted the system and had a liberating effect through economic and geo-political shocks, but Lisbon does not prepare the Union for such a step forward and upward, J. Zielonka concluded.

We are living in a European Union of necessity, not choice – a system that is driven by internal and external developments and events instead of coherent common political project. Therefore, EU political leaders may further political integration as a measure against the crisis, for example for cost-saving reasons. The negotiations and ratifications of European treaties have become so cumbersome that we are stuck with the Lisbon Treaty for some time (Michele Comelli). That's why the only real option is to make it work and use both new powers and existing institutions to their full potential. This includes the European Parliament, one of the few winners of Lisbon. Crucially, what has gone unnoticed is the shift from the Council to the Commission under rule changes in relation to 'comitology'. Even if the current Commission President is weak and lacks the profile of towering figures like Delors, this shift will enable the Commission to retain and possibly extend its grip on the EU agenda (A. Héritier).

2. Beyond existing mechanisms of EU policy-making

There was a heated exchange about the potential and limits of the open method of coordination. Since there is little hope of treaty revisions or a new constitutional-institutional settlement, the open method of coordination offers opportunities for closer cooperation in areas not specified by the treaties. This mechanism could be used to work out broad economic guidelines (including for fiscal consolidation). The trouble is that this method can be ineffectual and is completely cut off from the populations and regions. That's why the Council of Regions urgently needs greater powers (Gerhard Ambrosi). Other participants disagreed, saying that the open method of coordination lacks instruments and leads to little more than non-binding decisions (A. Héritier; A. Steinherr).

According to P. Taylor, the transfer of national powers to the centre has not really occurred for a long time now. Arguably, Maastricht was the last treaty that marked a level change in integration, but Lisbon has certainly reinforced the re-nationalisation of certain powers. Coupled with the decline of the Franco-German engine, Brussels no longer has the power to set the agenda and shape the common destiny. The Commission President is weak, and the new Council President is not (yet) a powerful post. The clauses allowing a 'coalition of the willing' to engage in closer cooperation constitute a mechanism to address areas where Lisbon has not made any progress at all – notably tackling the looming crisis of Europe's welfare state. In terms of benefits, health and pensions, the EU can no longer afford the current level of provision. However, the idea that this crisis is unmanageable is misguided. Above all, it is time that governments question spending commitments, notably on defence. Moreover, the pension age should be raised and employers' contributions increased.

3. The impact of the current crisis on Lisbon

For Europe, crises can be good. They are more like onions, not peaches. Unlike the latter, the former has no core or periphery. Instead, European crises tend to engulf all member-states and thereby force the Union to make joint decisions based on some form of cooperative consensus. 1989 closed a major geo-political chapter. Germany can be provincial but post-1989 Berlin is not the same as imperial Germany during the times of Bismarckian aggression in the late 19th century. With the west in trouble, Asia is recovering a sense of prosperity and dynamism not seen since the 17th century (C. Maier).

But the risk is that the current crisis is creating new divisions and a two-tier Europe, with an ongoing integration process among the core countries that is leaving behind the periphery. These divisions are not just between the prosperous north and the poor south but also between and even among old and new member-states (Agnia Baranauskaite).

Moreover, it is not clear which actor can do what needs to be done in order to overcome the sense of powerlessness. In the past, it used to be the Council of Ministers, through negotiations and compromise, or else the Commission when it came to reinvigorating the process of integration. Now we have to rely on weak national leaders. But he trouble is that governments are no delivering, at home or at the EU level. With caretaker governments, unpopular leaders, confusion and division, there is little hope of a swift exit from the political crisis that is engulfing the Union (Herman van Gunsteren).

Other participants rejected this sense of pessimism, saying that the new special purpose vehicle of over €500bn is an effective crisis mechanism that shows how governments are capable of responding to unprecedented situations. Second, the ECB has done well throughout the crisis and strengthened its own power and authority within the eurozone and beyond. The stress tests that will be applied to Europe's banks will further reassure the markets that the worst of the credit crunch is over and that the EU is on the road of recovery (Marc Uzan).

III. The EU's Role in World Affairs

The third part of the discussions turned to the EU's role in the world and addressed the following two questions. First, what are the causes of the EU's limited influence, and how to remedy it? Does and should the Union stand for a clear set of values or principles? Second, should the EU play a greater role on the global stage, and if so, what is needed to bring this about? The discussions focused on the new geo-political constellation and on the EU's relations with present and upcoming global actors (including the USA, China, Russia and Brazil).

A. Clesse started off debates by describing the recently published report by the "Reflection Group on the future of the EU 2030" as a deeply disappointing document that marks the trivialisation of the EU. At the official level, there is a worrying loss of substance. The Union is characterised by both integration and enlargement fatigue. There is also widespread frustration about the European lack of ambition in the world.

1. Process vs. policy – institution and strategy

According to M. Leonard, the problem of the EU is that it translates geo-political and geo-economic questions into institutional issues and hides behind them. This accounts for the lost decade (2000-2010). Indeed, from 1989 to 1999, the world seemed to be going Europe's way – as the end of the bipolar world order opened up a space for a European alternative. Both the Maastricht Treaty and EMU encapsulated the EU's ambition and showed how nation-states can pool their sovereignty in a mutually augmenting manner. Now the crisis is intellectual rather than institutional. The EU still has the largest economy in the world, the second highest defence spending and gives three-quarters of development aid. In that sense, the Union is a hyper-power. Yet both in Europe and across the rest of the globe, there's an overwhelming sense of European impotence. This is reflected in the EU's policies: relations with countries in the Union's neighbourhood are predominantly seen through the prism of enlargement. The EU's strategic partnerships with US, Russia, China are hopelessly out of date. Instead of institutional navel-gazing, the EU must understand the world and how to achieve Europe's objectives. Institutions matter, but what's lacking is a coherent strategy.

However, other participants contended that institutions are absolutely crucial. First of all, periods of resilience can be marked by institutional turmoil – think of the 17th-century Dutch Republic. Secondly, institutions are not merely formal but also embody the way actors think and translate their ideas into action. Third, people engage with EU institutions or try to by-pass them, but in either case institutions matter (H. van Gunsteren). Fourth, the European project is inextricably intertwined with institution building, from a common customs' union to the single market or the European Parliament. In terms of the enlargement process, this has undoubtedly been a great success, especially the 2004 accession of eight former Soviet republics or Soviet satellites (A. Baranauskaite). Fifth, new institutions can change the dynamic. However imperfect, the EU's external action service is an embryonic diplomatic corps that could respond to international demand for greater European influence – "to be a player and not just a payer". In order to achieve these goals, EU institutions and political leaders should focus on how to fully realise the potential of the new service, rather than be involved in turf wars over competences. Therefore, rather than arguing on who will get the post in Bejing, attention should be focused on what the EU Head of Delegation will do in this position and how he/she will relate with the embassies of national member states there (M. Comelli).

What matters is not so much the form of institutions but rather the collective ethos they refract. As Alcide de Gasperi argued, Europe is a myth and an imagined future – this is important for today's alienated citizens and the disaffected youth. Historically, institutions are in large part the product of a common spirit. In turn, they shape the collective ethos of a polity and provide a sense of continuity in uncertain times like ours. (Adrian Lyttelton) It is clear that the imperial moment is over for both Europe and America. In a multi-polar world, Europe can neither look to the former 'glory' of its members nor to the vision of the founding fathers who sought to magnify Europe's global role largely in response to the Soviet threat C. Maier).

Instead of lofty political projects, the EU could draw on 'civil service' solutions that were predominant in the 18th century. Indeed, the pre-1789 vision of legislating over vast populations by a group of leaders (then kings and barons, now heads of state and government and EU officials). In other words, the Union requires more 'enlightened collective leadership' as part of a Platonic republic, but at the same time they have to face elections and more scrutiny. Concretely, the EP could be strengthened and budgets could be divided between the Community and national levels like the loose federal structure in Germany (C. Maier).

2. The importance of narrative

In his remarks, Christopher Coker suggested that Europe lacks first and foremost a narrative about its place in the world. The European project was only made possible by the American century. As Josef Joffe suggested, the US disarmed Europe to get them to work together. On paper, the EU is indeed very powerful but without a clear purpose it can't mobilise its strengths or deploy its capabilities. At this historical juncture, the Union is missing an unprecedented opportunity to shape global geo-politics. Neither the US nor China have a clear idea in our post-American world what their purpose is beyond the defence of their self-interest. After being ignored and excluded from the West, the Russians simply want to be noticed. The new multi-polarity is not the same as the multilateralism of the mid-1990s. The US and Europe are keen to bring in China, but bilateral deals dominate. In his book *Why Europe will run the 21st century*, Mark Leonard said that the mark of the EU is to syndicate its value to the rest of the world. But Europe's luck may run out. In the past, it used external crises as opportunities, but now it is engulfed by a crisis which it itself has brought about.

R. Cooper asked why Europeans are even concerned with their influence in the world. He offered four related arguments. First of all, self-esteem – feeling better about oneself. Secondly, the status and recognition that comes with influence. Thirdly, the pursuit and defence of interests. All three are important but they do not resonate with other powers in the world, nor do they appeal to them because influence is ultimately about changing peoples' behaviour. So the fourth argument in relation to global influence is about changing the world because it is badly managed. Concrete examples include climate change and the international monetary system. On the latter, the French President Sarkozy wants a new Bretton Woods agreement but so far he has failed to provide any concrete proposal. On climate change, the Europeans had no plan B if their proposals for the Copenhagen summit failed – and their proposals had no chance of being accepted. That's because the EU position on climate change was Brussels-based and paid no attention to receptivity around the world.

According to A. Pabst, what sets Europe apart from the other global 'poles' is the autonomous space of civil society and the intermediary institutions that mediate between the individual, the state and the market. Contrary to common misconceptions, the EU is neither a federal super-state nor an intergovernmental structure. Instead, European nations pool their sovereignty and are like regions within a pan-national polity. Even the German constitutional court, in a landmark ruling on the Lisbon Treaty in June 2009, conceded that the Union is not just an international organisation but rather an association of states. The mark of the European polity is that it limits both state and market power in favour of communities and groups. This associational model combines vertical, more hierarchical elements with horizontal, more egalitarian aspects, with overlapping jurisdictions and a complex web of intermediary institutions wherein sovereignty is dispersed and diffuse. By contrast, the US is a commercial republic where civil society is equated with proprietary relations and market-based exchange. In other parts of the world, civil society is subordinated to the administrative and symbolic order of central state power. Thus, Europe's greatest 'gift' to the world is to offer a narrative that emphasizes the autonomy of associations vis-à-vis both state and market and re-embeds both politics and economics within the civic and social bonds of civil society. Applied to global governance, this would involve a greater sense of shared sovereignty by connecting supranational institutions more closely to regions, localities, communities and neighbourhood.

In his remarks, D. Calleo said that virtuous European structures are being copied around the world but this has not led to a proactive stance on the part of the EU. What threats could prompt greater European collective action? Transatlantic links remain central but Europe is not a federation but instead a perhaps superior model of organised association beyond the nation state, as already mentioned. The EU has to face two key geopolitical challenges: Russia and the Muslim world both surrounding Europe and increasingly present in it. On neither issue does the US offer a good model, in terms of purpose or effectiveness. Brussels and the national capitals must look to their own traditions in order to define the EU's place in the world and deal with the most pressing foreign policy challenges.

3. US foreign policy and its implications for the EU

In reference to his most recent book *The Irony of Manifest Destiny* on the tragedy of US foreign policy, W. Pfaff argued that the Enlightenment replaced a medieval civilisation based on religion with a secular utopia, a new paganism that no longer seeks to convert heretics or infidels but to change the world in the image of utopian secularism. For European foreign policy, this has meant embracing the Kantian project of 'perpetual peace' and acting as a pacifier both inside and outside Europe. However, US exceptionalism and messianism have consistently interfered with greater European autonomy, souring relations with Russia and preventing the formation of an independent European defence capability. Indeed, NATO served its strategic purpose during the Cold War, but it now lacks a clear vision.

There are hundreds of US military bases around the world, but to do what? Donald Rumsfeld spoke about a global insurrection, but against who or what? In fact, the US military is exceptionally inefficient and has failed to achieve any significant victories, except Panama and Granada. Nowadays US generals have even more medals than Soviet marshals. They purport to protect Americans from Martian invasion but are unable to fight guerrillas. With 11 aircraft carriers and unparalleled power, the US naval forces are cruising the 7 seas seemingly in search of the Japanese imperial navy. Contemporary militarism is all about entertainment of the soldiers themselves – a 'military entertainment industry' that absorbs resources the country cannot afford.

Officially, the *raison d'être* of NATO's out-of-area interventions and Obama's Afghan war is to democratise Afghanistan by teaching people how to read and write presumably American English. But what will happen if US efforts to democratise the world fail and its many wars end in defeat? The implications for Europe are hard to ascertain, but will Europe step up to the plate and really deal with the 'Al Qaeda of outer Mongolia'? At present the EU has no foreign policy to speak of – besides development aid and peace-keeping missions. As such, the Union is little more than an agent of the US.

4. The EU seen from Beijing

Mingqi Xu said that China supports the euro because it helps competition at the level of international currency exchange. Learning from past and present European experience, there are efforts in ASEAN to allow free movement of labour and services as well as in future to form common economic and monetary arrangements. For now, there is no sense in China that the eurozone will collapse. Seen from Beijing, the euro is still promoting stability and integration despite its present problems. As for its external role, the influence of the common European currency is diminished by internal problems, which are caused by the global economic and financial crisis – of which the sovereign debt crisis is a direct consequence.

As a result of the post-2008 credit crunch, China adopted a large-scale fiscal stimulus package and is now suffering the consequences (with growing asset bubbles and inflationary pressure). However, even the current Greek Prime Minister, during the election campaign, promised such a €5bn package. All this shows that fiscal expansion was viewed as an indispensable tool to avoid slipping from recession into depression. But more fundamental reforms are needed. While China invests in the real economy, global financial volatility and economic uncertainty are a threat because the ensuing exchange rate fluctuations come at a great cost to Chinese exports. Contrary to certain depictions in the West, China is not a threat to anyone. Beijing wants stability and harmonious development at home and abroad.

5. How to harness the EU's power and influence

Some participants claimed that the EU should be modest when it comes to its global role. The EU lacks the economic, political and institutional resources to project power beyond its borders (Peter Krüger). Even the big member-states now have diminishing power, above all Germany. Its demographic shrinking will have a particularly negative effect on its wealth. Paradoxically, smaller countries like Norway or Switzerland will have a stronger international role because their economic success appeals to emerging markets. The EU's social market model is not an export article (A. Steinherr)

But according to other participants, the global crisis has highlighted that there is an emerging need for a stronger Europe to face the challenges of a multi-polar world, and the euro is a critical tool in this project – otherwise the Greek tragedy would not have had such a significant international impact. Thus both the eurozone and the Union as a whole must stand together (F. Petito). Moreover, it's not enough for the EU to be a model to the world. The Union needs power to act and shape the global agenda. Indeed, the return of geopolitics requires genuine leverage. So far, Brussels and the national capitals are failing to deliver the necessary reforms. The new economic strategy 'Europe 2020' is just a remake of the failed and toothless Lisbon Agenda. The most important European achievements – the single market, the common currency and the EU's trade bloc – are all federal. In order to harness European power, the Union should federalise key strategic sectors and policy areas such as energy and diplomacy (L. Cohen-Tanugi).

But how can the Europeans have a significant diplomatic influence or foreign policy without a common defence policy? The rejection of the 1954 European Defence Community (EDC) was the fault of France, and so far the European integration process has not fully recovered from this failure (E. Alphandéry). In relation to these historical events, A. Clesse remarked that failure of the EDC and the European Political Community (EPC) marked a dramatic change in the nature of European integration. Instead of pursuing a common political project, Europe's nations only committed themselves to more narrow economic cooperation that followed a largely neo-functionalist logic. As a result, integration was predominantly technocratic and did not contribute to the formation of a shared political culture. In a sense, the EU has never recovered from this setback. Finally, A. Clesse recalled that after the vote to reject the EDC, the then President of the French National Assembly called for *"un peu de dignité"*, but one member of parliament is said to have retorted: *"pour la dignité, c'est trop tard".*

For C. Coker, the post-Cold War period was characterised by two, not one, unipolar moments. First, US unipolarity and, second, EU's unilateral attempt to forge an autonomous foreign, defence and security policy capability. But in different ways, both the US and Europe squandered resources and opportunities, bringing about the demise of the West as we've known it since the Atlantic Charter of 1941. Now that the shift in global power to the east proceeds apace, the EU has the choice between being a glorified trading zone or a proper global actor. If it wants to be the latter, it needs to see itself as an imperial power.

In fact, all political power has a tendency to become imperial. Imperial power has three features. First, it creates order, e.g. by stabilising volatile backyards like the Balkans. Second, imperial power gives you penetration and enables you to get things done (China's growing presence in Africa and the limits of US and EU efforts to link trade to democracy or human rights). Third, imperial power is linked to a civilising mission. On the Balkans and beyond, the EU pursues and defends what President Chirac once called a "pan-European community of values". Gaullism is not irreconcilable with liberal interventionism after all!

Without some measure of imperial power, the EU will continue to be marginalised in global affairs. Even on its own doorstep it is absent, like in the Middle East where Brussels does not matter for the Israeli-Palestinian conflict or Tehran's nuclear ambitions. If the idea of the West as a political community has any relevance, the EU must stop looking to Washington for leadership. Instead, why not have a European takeover of NATO and keep the US and Canada as honorary European members based on common values?

IV. Some Conclusions and Recommendations

In the final part of the conference proceedings, the focus shifted from an exchange of ideas to the formulation of some conclusions and policy proposals. In addition to already-mentioned recommendations like debt restructuring, the discussions featured both geo-political and geo-economic issues.

Geo-politically, it was argued that the EU must give priority to a new kind of relationship with Russia. Clearly the current framework of a strategic partnership that is outdated and the Four Common Spaces that are bureaucratic is unsustainable and counterproductive. Instead, the Union should respond to President Medvedev's overtures in the area of security and defence policy. Building on the "reset" in US-Russian ties and the successful signing of a new START accord, the EU should formulate a common response to Medvedev's proposal for a new Treaty on European Security (TES). Far from marginalising NATO or giving Russia a veto over internal NATO decisions, this proposal offers the possibility to agree common 'rules of engagement' and have confidence-building measures beyond the divisive dynamic of NATO. Such a treaty would either replace the ineffective OSCE or put it on a proper footing (A. Pabst). While an EU response to Medvedev's initiative is key, it is crucial that a real rapprochement with Moscow won't be seen as an anti-Chinese move on the part of the EU. That's why the Union needs to encourage and support similar pan-regional initiatives, e.g. the ASEAN's security forum aimed at strengthening East Asian cooperation. Such a broad approach has the potential to neutralise negative voices and hawks by setting out a positive agenda (R. Cooper).

However, many questions remain. First, if the objective is some framework for European-Russia security, then who are the main interlocutors? Second, are we talking about something like the adversarial structure of NATO or a new pan-European organisation? Third, what about the risk of a NATO-isation of EU-Russian relations? Fourth, how to take Asian security concerns into account? Is China simply too big to be included? (D. Calleo).

Other participants voiced their reservation. C. Coker argued that in the 21st century, a convergence of interests rather than identities is the best we can hope for. Medvedev's choice of words is unfortunate: the term 'European Security Council' was last used by Stalin. More fundamentally, Russia is in Europe but not of Europe. Moscow is excluded from the institutions that count – but Russians are culturally and emotionally European, including Vladimir Putin. As for China, it's a world of partly overlapping interests rather than 'common values'. Of course Senator John McCain's idea of a 'league of democracies' based on a covenant is misguided and belongs to a bygone age of liberal internationalism and neo-conservative crusade aimed at state-building and democracy promotion. Liberalism works best when practiced at home, not when it is preached abroad. If history is on our side (as Richard Rorty put it), then it could work: if the next 3 billion people embrace the ideas of J.S. Mill, then there is hope of a more or less peaceful co-existence. But the signs aren't good. India is a liberal society with a large and fast growing middle class still believing in democracy, but Delhi is conducting an illiberal foreign policy.

Geo-economically, the EU must decide whether to muddle through or regain the initiative. Piecemeal reform of the eurozone won't wash. As C. Maier reminded the other participants, already two hundred years ago Alexander Hamilton made the argument that a large part of US debt had been incurred during the American war of independence. He called for a fairer sharing of debt burden between the federal and state levels. Greater centralisation was the result, but Washington never took over all the debt of the federal states. A similar principle could guide the countries in the eurozone and lead to the adoption of some form of fiscal federation or confederation.

Instead of nostalgia or fatalism, the Union as a whole must believe in its past success (historic by any standard) and build on it to fulfil the vision of the founding fathers and European statesmen – to prevent war and unify east and west. Now the EU must solve its most pressing problems, starting with the eurozone and the limitations of the Lisbon setup. Brussels could lead by example or by initiative, strengthening associational arrangements within the bloc of 27 and promoting similar arrangements elsewhere (R. Mundell; R. Cooper).

Conclusion

There was a sense among virtually all participants that this conference achieved its primary objective of addressing questions and raising issues that are either ignored or neglected by officials, policy-makers or much of the expert community. However, the discussions fell short of producing a comprehensive series of concrete policy recommendations.

For this reason, it was felt that this work would have to be pursued elsewhere. One possibility is to produce a synthesis of the four conferences that focuses on concrete ideas, proposals and policy recommendations. Such a document could be divided into economic reforms (for the Union in general and the eurozone in particular), political reforms (with and without treaty revisions) as well as wider institutional and constitutional reforms that would probably require treaty revisions or even a successor treaty to Lisbon. More specifically, this could take the form of a series of propositions and corresponding policy proposals.

A. Pabst
August 2010

Programme

<u>Saturday, 3 July 2010</u>

09.00 – 09.15	Welcome remarks by Robert Mundell and Armand Clesse
09.15 – 10.45	**<u>I. The current crisis</u>**
	<u>Session 1</u>: What is at stake? The Union's effectiveness and political coherence? The entire integration and enlargement model?
11.15 – 13.00	<u>Session 2</u>: What is required? More coordination, a new governance model or even an economic government?
14.30 – 16.00	**<u>II. The EU after the Lisbon Treaty</u>**
	<u>Session 3</u>: Can and will the Lisbon reforms survive? What adaptations or transformations are desirable and feasible with or without treaty revisions?
16.30 – 18.00	<u>Session 4</u>: How could and should integration and enlargement evolve? What is the case and prospect for a common telos, ethos and demos?

<u>Sunday, 4 July 2010</u>

09. 00 – 10.45	**<u>III. The EU's role in world affairs</u>**
	<u>Session 5</u>: What are the causes of the EU's limited influence, and how to remedy it? Does and should the Union stand for a clear set of values or principles?
11.15 – 13.00	<u>Session 6</u>: Should the EU play a greater role on the global stage, and if so, what is needed to bring this about? Rethinking relations with present and upcoming global actors (USA, China, Russia, Brazil, etc)
14.30 – 16.00	<u>Session 7</u>: Concrete policy ideas, proposals and recommendations

List of participants

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