



EXECUTIVE SUMMARY

Conference on

Small States in the Convention and in the Upcoming European Union

20 and 21 September 2002
Luxembourg

Abstract

In the framework of its research programme on the European integration process, the Luxembourg Institute for European and International Studies (LIEIS) organised an international conference on “Small States in the Convention and in the upcoming European Union (EU)” on 20 and 21 September 2002 in Luxembourg. Some 30 participants – academics, researchers and actors from both EU member-states and candidate countries – discussed the role of small states in the debates on the future of the EU as part of the Convention and within the EU after the next round of enlargement. The discussion sessions focused on

- i. the historical, political, social and economic context within which small states operate
- ii. conceptual issues related to the question of country size
- iii. the main issues of the Convention that are pertinent to small member-states
- iv. some of the major problems raised by the forthcoming EU enlargement

A number of arguments emerged from the discussions:

- (1) the context for small states has considerably changed since the end of the Cold War in 1989. Small size has at once gained and lost in importance, because the nation-states are at the centre of the international system, but European integration over a period of 40 years, and globalisation favour cooperation among nation-states, especially smaller countries
- (2) the form of such cooperation is a function of a host of factors, ranging from historical patterns of cooperation to the particular characteristics of groups of small states such as specific national interests (agriculture, security and defence, etc) and a certain political vision

- (3) there are competing models for cooperation in the EU, which have different implications for the role of small states: the intergovernmental model does seem to favour bigger member-states, although small states may have leverage in negotiations opposing some of the heavyweights; the supranational or 'Community method' has historically given small countries (and their representatives) disproportionate power, although it is of course crucial to stress that the common institutions (such as the Commission and the Parliament) are supposed to serve common interests; the 'network model' grants most influence to those countries which are well-organised and efficient at lobbying, which some small countries like Ireland have practised quite successfully
- (4) the Convention poses a wide range of questions which are of interest and importance to small states, both member-states and candidate countries. These questions include the possible appointment of an executive President who would replace the system of rotating presidencies; the possible creation of a sort of permanent Convention which could elect the Commission President; the shaping of the agenda of the next Intergovernmental Conference (IGC) to be held in the course of 2004
- (5) many participants stressed that the Convention has yet to discuss crucial issues such as subsidiarity and the future status of regions, legitimacy, and the intelligibility of European institutions and policies and their interaction with national, regional, and local levels
- (6) country size is an important category and criterion, but it has little meaning apart from, or outside of, other determinants, e.g. vital vs. non-vital issues, 'high' vs. 'low' politics, ad hoc cooperation on a particular issue, the possibility of opting-out and veto power, and the power of ideas and of leader figures

As a result, the role of small states in the EU after enlargement is bound to change. Given their historic influence in successive EU treaty negotiations, small countries retain for the time being the power to help defining the nature of their role and shaping the form of their influence. The EU after enlargement is more likely to be a union of small states than of regions. This is all the more probable since none of the bigger member-states seem to emerge as a leader or group of leaders at this juncture.

I. The Context within which Small States Operate

Abstract

The first discussion unit was concerned with the historical, political, economic and social context of small states in Europe. The presentations highlighted the historical legacy of the European integration since the Treaty of Rome in 1957 and the changes of the international system since 1989. All participants stressed that the predominant focus of integration has hitherto been economic and monetary and that this structural feature is likely to hamper not only further cooperation in the domains of foreign, security and defence policy but also more profound political and social integration.

1. Presentations

Norbert von Kunitzki, President of the Luxembourg University Centre, argued that small country size is most clearly manifest either in surrendering political sovereignty to a bigger neighbouring country and or in pooling it with other small countries. Small states are also

often characterised by important economic and monetary cooperation with other states. Both these features hold in the case of Luxembourg, which, ever since it gained independence in 1839, has given up some of its political sovereignty and has been engaged in economic and monetary cooperation, most notably with Belgium. Today, the large number of small states in Western, Central and Eastern Europe, calls for ever-closer cooperation in these domains. In this sense, the context resembles that of 1919, when a host of small countries were (re-) established in the wake of the collapse of some of the biggest and most powerful empires. Then and now, especially in the face of globalisation that has produced a split between the power of decision-making and the responsibility for action, political cooperation and integration is becoming indispensable to guaranteeing and maintaining peace and prosperity in Europe. Despite their little military power, small states are crucial to this process, since they alone can hold the big states accountable and thereby contribute to creating a political balance which is absolutely necessary for the general macro-economic and social equilibrium envisaged and advocated for the first time by John Maynard Keynes in the interwar period.

Petr Drulak, Deputy Director of the Institute of International Relations in Prague, insisted on the power of ideas and of argument in the European integration process. In profound contrast to the modern period marked by the prevalence of the Westphalian logic of national sovereignty, the post-1989 era construes political power not as a function of military force but rather as the product of social construction. The latter is dependent on the persuasiveness of ideas and of leaders. The case of the Benelux provides a good illustration in at least two respects: first, successful cooperation among small states based on the idea of inter-regional and cross-border, mutually beneficial exchange; second, important and influential coordination at certain historically well-defined moments of the European construction. However, this thesis of the power of ideas and the advocacy of small states is qualified by the rather sobering experience of the Visegrad countries, which have failed to capitalize on the 'window of opportunity' opened by the 1989 events and which has not substantiated the potential gains of coordination and cooperation.

2. Discussion

All participants stressed the fact that European integration has hitherto been conducted on predominantly economic and monetary terms and that this historical legacy is bound to have an important influence on present and future decisions. Alfred Steinherr, Chief Economist of the European Investment Bank, argued that from a strictly economic perspective, all European countries fall under the rubric of small states, since no single country has the economic power to permanently influence world markets and world prices. European economic and monetary union also seems to obey its own logic and lead to a certain equilibrium that does not depend for its operation on political and social cooperation. Yet the implications of further economic and monetary integration call forth such political and social cooperation, since the economic and financial gains are European or global, while the social costs and responsibility remain national.

Mario Hirsch, political scientist and political analyst from Luxembourg, put forward the thesis that political and social integration are no longer (deemed) compelling. For some small countries, independent foreign policy has been inexistent for some time, and they have opted for a strategy of maximisation of economic, financial and monetary cooperation, like in the case of Luxembourg. Other small countries have long traditions of independent foreign policy and are attached to their political sovereignty, like Denmark. In the words of Valéry Giscard d'Estaing, the former French President and currently President of the Convention, the challenge is to build and to foster Europe's '*puissance civile*'. For Mario Hirsch, this is all the

more difficult since differences in state power are mostly manifest in issues of ‘high’ and ‘low’ politics and there seems to be a differential in the willingness to cooperate in areas pertaining to ‘high’ politics.

Zivojin Jazic, Special adviser to the Director of the European Centre for Peace and Development in Belgrade, drew the attention to two other important groups of small states in Europe which will have an impact on the EU once they engage in accession negotiations: first, the members of the European Economic Area, some of which are members of the EU, and, second, South-East European countries located on and around the Balkans. Their accession to the EU would again shift the focus towards Central and Eastern Europe and would put the Western European small states in a minority position, with important implications for the identity of the EU and the nature of the policy-making process.

II. Conceptual Issues related to the Question of Country Size

Abstract

The discussions of the first unit on the context of small states yielded a number of implications for defining country size and for conceiving the role of small states in the Convention and in the EU after enlargement. The main argument that emerged from the debates of the second unit was that country size does matter, but that it is only one among many determinants of a country’s effective power. Other determinants include vital vs. non-vital issues, ‘high’ vs. ‘low’ politics, *ad hoc* cooperation on particular issues, the possibility of opting-out and veto power, and the force of ideas and the persuasiveness of leaders.

1. Interventions

Etienne de Lhoneux, Secretary-General of the Luxembourg Central Bank, held that small size entails the impossibility to opt out, e.g. in the domain of defence and security policy. Such a conception of size undoubtedly favours a federalist approach to integration and cooperation and raises the question whether and, if so, to what extent, smaller countries have the right to block the progress of bigger countries and groups of bigger countries. Economic and monetary cooperation seems so far to be the only instance of successful integration. The question then is whether it can be a sort of laboratory for other areas of ‘high’ politics.

Sauli Fedorow, Finland’s Ambassador to Luxembourg, insisted on the relative nature of size, both in terms of the kind of reference (other smaller or bigger countries) and in terms of the chosen indicator (population, territory, economic power, etc.). Country size and power are all the more relative, since they are a function of the finality of cooperation and integration: if the European integration process is aimed at creating a political union based on citizenship and rights, then national entities will gradually lose importance to the benefit of citizens and of civil society.

Professor Peter Serracino Inglott, Government Representative of Malta, argued that the traditional cleavage of supranationalism vs. intergovernmentalism has some mileage in understanding the functioning of the EU, but that its meaningfulness is qualified by the emergence of a new pattern of cooperation and integration, which could be described as a ‘network’. The main features of the latter are, *inter alia*, the absence of a clear hierarchy, the complex interaction of different levels and persons, and the pooling of sovereignty of formally independent states via the creation of common institutions which are superposed onto existing national, regional and local structures. Moreover, the network does not span all participating

member-states in the same way, but constitutes a grid of concentric circles that indicate the nature and level of cooperation and integration (Eurozone, Schengen space, etc.).

Dr. Larry Siedentop, Professor of Politics at Oxford, criticised any simplistic construct of country size, saying that notions such as ‘small state’ or ‘outs’ risk having a residual Marxist and class logic resonance and that, paradoxically, the big countries could have a sense of exclusion. He favoured a different approach that consists in carefully distinguishing the empirical from the normative. The ‘network’ model, while it undoubtedly captures some of the key features of the EU in its current constellation, should be construed as a descriptive rather than a normative tool. For any network, however configured, does not solve the problem of legitimacy and intelligibility. At the same time, there is a clear danger that, in the wake of the Nice Treaty, the Convention represents an attempt by the bigger countries to impose a more intergovernmentalist method on the smaller countries, which should equally be resisted.

2. Discussion

Reactions and comments concerned the following issues:

- i. What is the nature of the ‘network model’? What are the implications of the ‘network model’ for democracy? Secrecy? Obscurity? Or an important contribution to the creation of a European political class?
- ii. How to distinguish between the *de facto* situation and *de iure* configuration, and how to (re-)align these two perhaps increasingly separate processes?
- iii. How can the hitherto predominant economic logic be overcome towards a logic that enables more political and social integration? Does subsidiarity constitute a universal panacea or a mere slogan? What role are small states to play in the reflections on the future shape of the European integration process?

III. What is at Stake for Small States in the Convention?

Abstract

The third discussion unit focused on the main issues raised by the newly established Convention and on their importance for small states, both members of the EU and candidate countries. These are, first, the possible appointment of an executive President who would replace the system of rotating presidencies; second, the possible creation of a sort of permanent Convention which could elect the Commission President; third, the shaping of the agenda of the next Intergovernmental Conference (IGC) to be held in the course of 2004. There seems to be controversy among the small states whether to take a common position on these issues. However, a consensus is emerging that the questions crucial to small states are, first, the future status of regions, second, the democratic legitimacy and, third, the intelligibility of European institutions and policies and their interaction with national, regional and local levels, and that these questions are yet to be addressed by the Convention.

1. Interventions

Dr. Armand Clesse, Director of the LIEIS, introduced the session by raising a number of questions. First, do small states attempt to acquire larger voting- and decision-making powers? Second, if so, might this induce bigger member-states to take an increasing number of decisions informally and outside of existing formal voting- and decision-making structures? Third, what might be the unintended consequences of such a change in the inner

fabric of the EU? Fourth, in the light of a protest letter by representatives in the early summer 2002, to what extent has the President and the directory of the Convention mishandled or neglected the particular concerns of small states?

Georges Katiforis, Government Representative of Greece and MEP, outlined a number of issues that are sensitive for small states, such as the possibility of introducing the position of an executive President and different modes of appointment, the future of the rotating presidency, as well as the method of negotiation and of integration. While there are differences of appreciation as to the first two, there seems to be a consensus among small states on the third, i.e. a *de facto* convergence towards the 'Community method'. In the absence of leadership by any big country or group of big countries, small states could even take a lead in the process of integration.

Professor Peter Serracino Inglott, Government Representative of Malta, argued that the single biggest issue is the appointment of an executive President and of a European foreign policy Minister or Representative. The emerging pattern of intergovernmentalism vs. supranationalism, combined with an increasingly powerful network, has important implications in the context of the Convention, since all these structures and methods could jointly give rise to a form of European Congress of the Peoples, which would be composed at once of EU and national representatives and charged with electing both the executive President and the President of the Commission. But he also warned of the possible dangers of a pattern of cooperation and integration thus configured. It might well exacerbate the frequently lamented lack of transparency, accountability and legitimacy. One potential solution of these problems might be to 'constitutionalize' these bodies, enshrining them in the future EU Constitution.

Ben Fayot, Parliament Representative of Luxembourg, drew on his experience of the Convention and reported that the main division and distinction is not between small and big countries, but between active and passive members. He also argued that any revival of the currently stalled European integration process would hinge on the emergence of leader figures capable of rallying a number of countries, both big and small, to a common project.

Manuel Lobo Antunes, Portugal's Government Representative, declared that all member-states aim at maximising their national interests, but that the main differences between member-states is their conception of the relation of national to common European interests. He stressed the compatibility of Portugal's interests with those of the EU, and maintained that, despite all legitimate and justified criticism of the lack of progress, the Convention could still break the current deadlock in European integration if it concentrated on its objective as defined by the Council mandate, that is to say, not only to draft a constitutional document, but also to prepare the next IGC.

2. Discussions

Reactions and comments focused on the determining factors of the Convention debates and on the precise role of the small states and their representatives:

- i. The method of cooperation and integration and the emerging form of political union: are they best described as a network or networks or perhaps as a novel form of empire, at once transcending the nation-state and recovering the regional and local levels? (Petr Drulak, Deputy Director, Institute of International Relations, Prague)

- ii. The role of ideology: to what extent do members of the Convention negotiate on the basis of party ideology and how may positions be shaped by the left-right cleavage? (Peter Luif, Austrian Institute for International Affairs, Vienna)
- iii. Does not the Convention predominantly function on the terms of big countries whose representatives dominate the directory and preside over the various working groups, and does this set-up not have an impact on the proposals? (Georges Katiforis, Government Representative, Greece)
- iv. *Ad hoc* cooperation on the basis of particular issues: there does not seem to be identical coalition or bloc formation, but it is a combination of circumstance and principle (Michael Attalides, Government Representative, Cyprus)
- v. One of the major issues that will emerge in the debates within the Convention will be the distribution of power and competencies between EU institutions and the member-states and among the EU structures; there does not seem to be a common positions on the part of the small states (Manuel Lobo Antunes, Government Representative, Portugal)

IV. The Challenges of Enlargement for Small States

Abstract

The final discussion unit dealt with the current policy-making practices and integration methods in the EU and the probable changes induced by the forthcoming round of enlargement. There was overwhelming consensus that enlargement will be the single biggest challenge to the EU, surpassing both the Single Act and the creation of the single market and the Maastricht Treaty and the introduction of the Euro. There was, however, disagreement as to the future role of small states within the new institutional framework and the emerging pattern of cooperation and integration.

1. Presentations

Ambassador Nicolas Schmit, Head of Luxembourg's Permanent Representation to the EU, gave an account of how the Nice Summit in December 2002 marked a break with a long tradition of varying coalitions by opposing more clearly than ever before small and bigger member-states. Prior to the Nice Treaty, country size had always been of importance but not absolutely determining, as illustrated by the Common Agricultural Policy and by the Regional and Structural Funds. However, the important question of future power-sharing within the various EU institutions introduced a divide which might only be overcome by exceptional initiatives that have so far not happened. Much will depend on a possible revival of the Franco-German axis. However, Nice was a mixed result, in the sense that small states perhaps lost out on absolute Council votes, but retained power that may prove crucial by insisting on the third majority criterion – no Council vote constitutes a majority unless a majority of countries support it. Moreover, it seems that all the small states which are to join in 2004 agree to the Nice outcome and that, as a result, there will be no attempts to renegotiate the Nice Treaty once it is ratified by the existing member-states. Finally, despite obvious tendencies of re-nationalisation, all the present and future member-states should not forget the spirit of the European integration process since the Treaty of Rome, that is, the pursuit of an ever closer union based on a sense of community of solidarity. This requires resisting any temptations to consider EU institutions as a means to promote national interests, above all the Commission and the Parliament.

Jacques Santer, formerly Luxembourg Prime Minister of Luxembourg and President of the European Commission and currently the Government Representative of Luxembourg, argued that the logic underlying the European integration process is the transfer of some political sovereignty in order to exercise it in conjunction with the other member-states. Both theory and history suggest that small states have disproportionate power within such a set-up and that this is likely to be in the interest of most, if not all, countries. The benefits that accrue at once to small states and to the EU as a whole can be illustrated by considering the rotating presidency. At several critical junctures, small countries held the presidency and helped ensuring important breakthroughs. For instance, under Luxembourg presidency, the then European Community agreed on the Single Act in 1985 and, in 1991, Luxembourg brokered decisive deals which led to the Maastricht Treaty. Moreover, at the same time, Luxembourg was closely associated to the negotiations aimed at building an international coalition against the Iraqi invasion of Kuwait.

Jacques Santer described vital interests and regionalisation as two among the most important challenges faced by the EU in the context of enlargement. Hitherto in the European integration process, small countries have never invoked vital national interests as a means of vetoing further progress by other countries, and no treaty or any constitution should make this possible. Regionalisation is one way to address the particular concerns of small states, as shown by the experience of the various regions that form the ‘Grande Région’, including parts of Belgium, France, Germany, Luxembourg and The Netherlands. This could be a laboratory and experiment of great interest to other regions that envisage closer ties, such as border regions between Spain and France, Italy and France, as well as the regions around the Constance Lake. Inter-regional and cross-border cooperation may be a *via media* between centralisation and decentralisation, especially in the case of countries that have no federalist tradition.

2. Interventions

Ben Tonra, Deputy Director of the Dublin European Institute, argued that there is an increasing divide between the reality of EU practices and the perception by the public in the various member-states. Citing the example of the ‘No’ campaign in Ireland in the context of the referendum on the Nice Treaty, he explained that opposition to further EU integration is founded on the argument that small states have most lost out in the Nice Treaty, in particular on issues such as the number of Commissioners, MEPs and Council votes. Many European citizens seem to have the sense that the functioning of the EU is dictated by the law of force, rather than the force of law. While such an evaluation is of course highly exaggerated, it speaks of a widely shared and held belief that the nature of the EU, both as a legal and political entity, is confused and confusing. The traditional inclination of small states towards federalism and towards the ‘Community method’ is increasingly undermined by various forces that subscribe to such an analysis and advocate diverse forms of re-nationalisation.

A similar reading of the evolution of support for, and opposition to, the EU was presented by Hanna Ojanen, Senior Researcher at the Finnish Institute of International Affairs. She said that the Finnish perception of the EU has altered from almost unqualified enthusiasm to radical criticism. The manifold categories of member-states and their respective status (according to whether they are founding members, old, new or future members) complicates this perception, especially against the backdrop of rapid change, such as the succession of treaties since Maastricht. In this light, H. Ojanen argued for a categorisation in terms of ‘suspicion-based coalitions’ vs. ‘beyond-suspicion coalitions’. Such a distinction may pertain

to a situation where a country like Luxembourg retains some of its privileges as a founding member (i.e. one vote more than a country of similar size like Malta), and, at the same time, is threatened with a loss of influence in the wake of other decisions at the Nice Summit. Any arbitrary decision only fuels the suspicion of all parties involved.

Dr. Larry Siedentop argued that one way for the EU to avoid lapsing into a lasting conflict opposing small and bigger countries is to create a bicameral system predicated at once on population size and on territoriality, like in the USA. Only such a configuration would be in a position to effectively counter tendencies of centralisation or re-nationalisation. There needs to be a parallel process of reforming the institutions and agreeing on a constitution. The creation of a permanent constitutional convention may prove necessary in order to give the constitution real clout while also preventing an excessive judicialisation of political power.

Matjaz Nahtigal, Slovenia's Government Representative, insisted that the single biggest challenge of enlargement is efficient and effective decision-making. He therefore advocated strong leadership, mutual trust and, above all, a move from Qualified Majority Voting to single majority in the European Council. The question of mutual trust vs. national interest was also taken up by Silvo Devetak, Director of the European Centre for Ethnic, Regional and Sociological Studies in Slovenia. He argued that despite the obvious importance of national interests, there are increasingly many issues which are common to several countries and which make coalition formation more compelling than before. In the case of Slovenia, there is, for instance, the question of the Hungarian minority, which is also important in other countries such as Slovakia and Romania. It follows that the question of citizenship and the modalities of granting it to minorities are central to a number of candidate countries. This is intimately linked to the question of minority languages and, more generally, of relations with Central and Eastern countries, including Russia. In other words, enlargement is not only about how the new member-states fulfil the exigencies of the '*acquis communautaire*', but it also poses a number of new challenges to the new-comers and to the EU as a whole.

2. Discussion

The comments and questions focused on the following problems:

- i. Given the exceptional pressure on the EU to improve its efficiency, coherence and consistence in the face of enlargement, might not many reforms be at the expense of solidarity and equality?
- ii. Will not, on the contrary, the manifold challenges related to enlargement help focusing cooperation and lead to *ad hoc* arrangements that may prove to be sustainable?
- iii. What sort of leadership does the EU require after enlargement? Does the dilution of the power of all countries favour small states initiatives?
- iv. What is the likely future of CFSP? Is there a possibility of inter-regional initiatives in the face of the current vacuum left by less big member-states involvement?