by Tito Boeri

EDITORIAL

The process of European integration came to an abrupt halt with the French and Dutch referendums and is unlikely to get going again before the Germany Presidency of the Union in the spring of 2007, as Renato Ruggiero explains in this issue of **east**. But the process of European economic integration continues. It is unstoppable. It is from this process that we must start over to make public opinion in the various countries understand why greater political integration is also necessary.
Markets that are ever more closely integrated and, at the same time, imperfect generate significant spillovers from one country to the next (the public debt of one country destabilising all the other countries in the monetary union, immigration that can shift from one country to another, major infrastructure that deviates or directs goods flows with significant economic and environmental effects on other countries, etc.). Better management of these processes requires co-ordination at the supra-national level. Many issues related to the public good, such as border control, research and competition, can be better handled at the European level than separately in individual countries. And without European co-ordination on decisions, some member countries will always tend to behave in opportunistic fashion and get a free ride by taking advantage of others' efforts. Thus economic integration also requires political integration.
However, a consensus is needed on the latter and today that consensus does not exist. This is a fact that cannot be ignored. There is a need for more, not less, democracy in the management of politics at the European level.
Better, therefore, to carry on with economic

integration and make all citizens understand the benefits of a common market and the further advantages that could be gained by completing the process and extending it to services. To do so, we must overcome the deep split that has opened up between the language of Brussels and public debate in individual countries. Issues discussed at inter-governmental summits or meeting with the European Commission rarely trickle down to national public opinion. More often than not, these discussions and decisions are lost in translation. Many joint declarations by EU ministers arrive in the various capitals with completely different and often distorted meanings – when they do arrive, that is. One example: about a year ago I took it upon myself to compare the way in which four European newspapers (“Handelsblatt”, “Le Figaro”, “Il Sole 24 Ore” and the

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Contrasto_Reporters

“Wall Street Journal Europe”) had reported a letter by the then Finance Ministers of the U.K., Germany, France and Italy (Gordon Brown, Hans Eichel, Hervé Gaymard and Domenico Siniscalco). In the text, the four Ministers proclaimed the successes their respective countries had achieved in taking the so-called Lisbon agenda forward. It was apparently the same text. But while the “Wall Street Journal” talked of “proceeding unhesitatingly along the path of liberalisation and economic reforms”, the text as reported by “Le Figaro” made no mention of “liberalisation”, limiting itself to proposing indeterminate “economic reforms”, and in Germany the letter wasn’t even available on the finance ministry’s website. “Il Sole 24 Ore”, which gave the letter a lot more importance than the other papers, also reported a sentence – totally absent elsewhere – which congratulated Italy’s secondary school reform and the fiscal incentives for innovation then being evaluated by the Italian government (and so far not introduced!). I still haven’t understood whether the various ministers had agreed on these cuts, omissions and additions. But such “creative translations” are certainly a demonstration of the chasm between decisions taken at the European level and public debate in the various countries. Ambitious targets are undertaken in Brussels, but back on home ground, national pressure groups have to be taken into account. Five years ago, in Barcelona, EU Heads of State made a solemn commitment to increase the retirement age by a good five years by 2010, but subsequently took good care not to tell their public at home that they had made this historic (and perhaps unpopular) decision on the beaches of Spain.

Until such time as the supra-national European authorities continue to talk to EU citizens through the filter of national governments, the Lisbon agenda will remain a mere collective exercise in rhetoric, with solemn commitments made abroad and then regularly lost in translation. The only way to get European co-ordination policies moving is to start talking to citizens directly. Every government in the Union is required today to produce annual stability, competitiveness and employment programmes. The national executives work on these plans and the Commission's observations rarely become the subject of public debate. So why not organise Parliament sessions in each country during which the plans presented in Brussels (possibly a single organised economic policy plan) are put to Parliament and discussed together with the Commission's counter-proposals?

This would be a way to get countries to work on these objectives and, at the same time, help the general public to understand the vetoes and sanctions imposed by Brussels (it is to be hoped that these will also be introduced as regards some of the key Lisbon parameters). For example, when the European Commission opposes a rate by Italy's power utility Enel or obliges municipalities to hold calls for tender when assigning local public services, it is on the side of consumers – but no one realises this. The examination of national plans would make economic policy more transparent while highlighting public goods that may be produced at the European level – access to a wider market and competition, above all. Perhaps this will give us a renewed desire for political integration and once again spark public debate on the institutional structure of Europe.