

Single market, single currency, enlargement and new Constitution. It's fine to ask for more excitement and more spirit in the process of European construction, but, for Mario Monti, it should not be forgotten that

# The ten years that shook Europe up

EUROPE UNDER CONSTRUCTION

edited by Vittorio Borelli

in one decade extraordinary things have been done. Rigour, but also flexibility are necessary in the Stability Pact. As for verifications of the new Constitution, “my proposal for the government leaders is . . .”

**M**ario Monti came back to Milan just a few weeks ago and has already returned to the “loves” of his life: the *Corriere della Sera*, which he is contributing to again, and the Bocconi University, where he remained dean even during the years of his term of office as the Competition Commissioner in Brussels. In this long interview with **east**, Monti defends the European unification process, but, faithful to the style of consistency and rigour that have always set him apart, he also points out its defects and delays. His positions on the Stability Pact and Turkey are very explicit and perhaps unexpected. While he makes a proposal destined to be talked about on the delicate articulation of the ratifications of the European Constitutional Treaty.

**I would like to ask a question right now that, logically, should be asked at the end of the interview: what is your opinion of the phase that the project for European construction is going through? What point are we at?**

We have arrived at a particular and curious point. We are coming out of a decade in which at least four things of historic

importance were achieved, but maybe that is the reason we are going through a phase of tiredness and pessimism. Moods that, in my opinion, are not justifiable. Never before in history have such important things been achieved in 10 years – which is little more than an instant, historically speaking. The four things are: the creation of the single market, the creation of the single currency, the enormous geographic reconfiguration of the enlargement, and a new Constitution. These four great achievements have absorbed an enormous amount of energy from the European executive classes and have, paradoxically, reduced Europe's economic growth and competitiveness as compared to what it would have been otherwise. But, they form the premise for a much stronger Europe, from an economic point of view, as well. Just think of the single currency, which called for passing from financial indiscipline to discipline (Maastricht rules, Stability Pact, etc.). Now, it is true that in the short term this may have caused a recessive effect, but undoubtedly the new discipline will have extremely beneficial effects in the long term.

**Single market, single currency, enlargement . . . all measures to intervene**

**on the economic dynamic. But, the Constitution... is it related to this?**

It is, it is. In the same way that a company can not compete seriously if it has slow and muddled decision-making mechanisms, a country or a group of countries can not be a serious competitor on the world level if they have decision-making mechanisms that are too ponderous. And the Constitution, although in lesser measure than many of us would have liked, takes significant steps towards allowing Europe to decide more rapidly and more simply. Therefore, returning to the initial question: when, perhaps in about ten years, we take a look back, we will realise that this was the turning point in the construction of Europe. And maybe it will be said that those involved at the time didn't understand or appreciate it adequately.

**Many “of those involved,” in fact, insist upon saying that Europe is a test-tube baby, like cold fusion, without spirit or excitement. The ambassador Sergio Romano, in the previous issue of *east*, replied that history never repeats itself in the same way and that it is illusory to expect that the European identity be born, as has happened in other nations in the past, in the blood of wars and revolutions. But how many people, today in Europe, share this summons to realism and pragmatism?**

To answer with the language of an economist, Europe is driven in part by an elite offering, but in part by a mass demand. The elite offering is, as you say, the political laboratory in which many Europeanists have thought, imagined, worked to push the process ahead. But the innovation in these past ten years is enlargement. This is the first time in history that territorial enlargement of a “superpower” has taken place because of being pushed from the demand side, that is, by those who ask to join. Almost always, in the past, this took place through wars of conquest or, in any case, in a traumatic and unilateral way. The paradoxical situation is, therefore, that you can speak of absence of collective spirit and excitement and, at the same time, legitimately say that half of a continent, Central-Eastern Europe, has been transformed in the past ten years by the dream of those peoples, guided by a deep emotion, to definitively leave one situation

and anchor themselves to another.

**Is that why you have often spoken of “ethics” in the process of European construction?**

Yes, because, in my opinion, even the aspects that may appear to be solely and aridly technical, like, for example, the creation of a single currency, have a great deal of civil and ethical content. With the rules of financial discipline, European States are compelled, for the first time, to respect the new generations of citizens. That’s the wonderful thing about Europe, that it doesn’t limit itself to integrating, but in integrating it transforms. And it transforms for the better. With the cohabitation rules that we have created, as debatable as you like, anyhow, it is not possible for a country like Italy to continue to do casually what it has been doing for years: accumulate deficits of 12-15% of the GDP without even talking about it, carrying out a true expropriation to the detriment of our children and grandchildren. I ask: doesn’t a system that uproots all this also change things from a civil and moral point of view, doesn’t it add “spirit” to the European architecture? In my opinion, it does. A “spirit” that is rooted in things, rather than limiting itself to sailing from word to word. That said, it’s also true that it is necessary to intensify the efforts to make clear to citizens the connections that exist between the European rules and their daily life, without getting stuck on the often artificial correlations that are created on this subject.

**Are you thinking of the accusations of excess regulation, excess bureaucracy, etc.?**

Exactly. Not because these negative or degenerative aspects don’t exist; sometimes they do and the European Commission is committed to trying to reduce them. The point is that you can not reduce the value of the ongoing process to a few of its negative aspects. The European executive classes should do much more to help people understand what Europe means for real life, the everyday life of its citizens.

**Who knows, maybe the next generation will be able to understand and appreciate, without “ifs” and “buts.” The generations in power today still experience Europe as laceration and conflict, as a rational, but**

**tiring search for a new identity and the fear of losing historical identity. Young people under 30, instead, travel from one country to another, move to study, speak a common language, discuss the same books and the same films . . .**

Not only, I would add that, exactly because Europe has become a daily fact, above all for young people, many of them are quite far from imagining that without the Union they would still have border checks and many other hindrances in their daily lives. Many of them, on the other hand, are quite far from imagining that without Europe there would probably have been other wars on their front steps or in their homes. Just one example: today we cross with great tranquillity and naturalness – or better, without even realising it – the border between France and Germany near Strasbourg and no one thinks about how much blood was spilled on that border in the past. This is the first time in history that this has not happened for fifty years without interruption.

**So, young people and Eastern countries as the motor of a united Europe?**

All the countries in Central Europe have made enormous efforts to link up with the Union, changing their laws, their societies, their political customs at the roots. And they have done it with determination and continuity because their ambition was admission. I am convinced that in the absence of this stimulus, there would have been much backsliding. It is said that the Enlargement may have happened too quickly: it is possible, although personally I believe instead, that the constitutional revision took place too slowly. Certainly, a longer time period could have been contemplated for enlargement, working more and better on the preconditions and on preparation of public opinion. But, are we sure that Russia, with its persistent imperialistic tendency, wouldn’t have tried to make its presence felt, like in the Ukraine?

**As per the ratification process for the Constitution, you wrote in the *Corriere della Sera* an editorial in which you invited the governments not to seize up in the face of possible referendum failures. Could you better clarify your idea?**

In other phases of European construction it was simpler to allow some countries to wait

and others to move ahead. It was the idea of a Europe with two speeds, with a variable geometry, with strengthened cooperation. This was not the exception, but the rule in the development of Europe. Just think of the free movement of people, Schengen, a step that only five or six countries subscribed to initially. The same thing with the European monetary system first and then with the Euro. But, these were single subjects, single policies that some countries adhered to and others did not, reserving the right to adhere later. I do not see how we can proceed in the same way today with regard to the ratification of the Constitution. This is not enlarging a condominium with an additional floor, or a new area; here we are talking about realising that the condominium rules have changed. Therefore, it would not be possible to go ahead with the old rules, those of Nice, in the countries that do not ratify and with the new rules in those that do. I would also like to observe that, on this subject, not only is the change important, but also the way in which it is carried out. We spoke earlier of "spirit" . . . well, here we can speak of due transparency for citizens.

#### **And, therefore?**

All 25 European governments have signed and – it is presumed – identify with the constitutional text. Now it is up to the governments to submit the text to its citizens for its ratification, some through parliament, others in referendums. The query posed in the referendums is very simple, "Do you want the new European Constitution, or not?" The query can not be modified and if only one country should respond "no," the Constitution can not go into effect. The Constitution says nothing with regards to this, except for the obvious which is that the issue would be examined by the European Council. That's why it would seem to me to be pragmatically useful and maieutic for a Europe that must be created in clarity, for the 25 government leaders to decide now to promote a second verification in the countries that fail the Constitution. What should we ask

Europe has become a daily fact, above all for young people who speak a common language and are accustomed to moving without borders



the citizens in this possible second turn? Simple: "Do you want our country to continue in the European Union with the new Constitution or do you want it to no longer be a member of the European Union?"

**A preventive measure to put everyone's backs to the wall, in the face of their responsibilities . . .**

Pre-announcing that this would be the course of action in the case of a "no" vote in one or more countries, could cause people to reflect more, even on the occasion of the first referendum. And, above all, it would prevent the prevalence of "no" votes in one or more countries, perhaps for a generic disliking of the Union, from having a domino effect on other countries. With the current Constitution, the one of Nice, a 25-nation Europe doesn't work, or better: it is destined to work increasingly worse. If the referendums should block the new Constitution we would therefore also have a boomerang effect in the countries that had approved it. To avoid this, it should be established at this time that if a second referendum is necessary, the dilemma to be posed clearly is whether to stay in Europe or not.

**What reactions have you had to your proposal?**

For now positive reactions and interest. We shall see later. What is certain is that the "wait and see" line of reasoning, in this case, certainly does not help to resolve the problem.

**Coming to the matter of the economy. The controversy continues with the Commission on the reasons why Europe is growing less than both the United States and Asia. A controversy spiced with the tones of a crusade from days gone by on the part of the "liberalists" against the defenders of the European welfare-state . . .**

I don't have formulas. I have already said that the four great achievements that I spoke of at the beginning, fundamental for a structurally more dynamic economy, can have, in the short term, in some measure, limited our economic growth, but that they are precursors of greater future growth. That said, it is also true that you can not sit around waiting for, sooner or later, the growth to produce itself. As it is also true that the application of the Lisbon strategy is delayed. I



think that, from the point of view of contents, Europe can maintain the specific ambition of having a bit more social and a bit more ecological awareness in its model than the model of the United States in this phase. The European battle to achieve the objectives of Kyoto seems equally correct to me. But, it must be very clear that to permit all of this, Europe must become more competitive and must internally, in its productive structures, be more like the United States. The achievements that we have talked about make it more like the USA, while, from the point of view of internal traps, there is still a lot of work to be done. The Lisbon strategy will be the main theme for reflection at the Spring European Council meeting. At that time, we have to try to give more bite to that strategy with a strong system of incentives and disincentives . . .

**Like for Maastricht?**

Exactly. The objective should be to stimulate the Union and the single countries greatly with respect to the Lisbon platform. The Prodi Commission has taken two steps that lead in that direction. On one hand,



DEFICIT/GDP, RANKING EU COMMISSIONS FORECAST FOR 2004 (% DATA)	
<b>NON-COMPLIANT COUNTRIES</b>	
Portugal	3,7
Greece	3,6
Germany	3,4
Italy	3,0
France	3,0
Netherlands	2,4
<b>3.0% Ceiling</b>	

DEFICIT/GDP, RANKING EU COMMISSION FORECAST FOR 2004 (% DATA)	
<b>NON-COMPLIANT COUNTRIES</b>	
Greece	111,9
Italy	104,6
Belgium	94,4
Germany	67,2
France	65,5
Austria	63,9
Portugal	62,0
<b>60.0% Ceiling</b>	

placing great stress on the objectives related to research, human capital, etc. in the so-called financial prospects. That is, in the Union's multiyear budget project after 2006. On the other hand, with Commissioner Almunia's proposals to revise the application of the Stability and Growth Pact, but in coherence with the lines defined in Lisbon. A final consideration: I believe it is important, having seen these problems up close over the last five years, that Europe continues to have an incisive policy on competition, as a way of stimulating the efficiency and flexibility of the markets. From this point of view, it is encouraging that the new Constitution has not entailed backtracking, but, if anything, some further, slight advancements as regards the status of the competition policy.

**Almunia has recently said that no special considerations can be made for countries, like Italy, that have a debt greater than 60% of GDP.**

I agree that in these cases, the priority should go to the control and reduction of the debt. At the same time, it seems important to me that when a country with a high debit

takes, not just says it will take, but takes concrete and demanding steps in the direction of reforms that will reduce the debt, you must take this perspective aspect into consideration. The importance of the past must be felt and must translate into precise strategies for balancing the budget, but it must not become paralyzing to the point of demotivating and, paradoxically, make hay of everything.

**Turkey, a complex problem from various points of view. What is ex-Commissioner Monti's position on the subject?**

My opinion has not changed. In my fairly long European experience, I have never encountered such a polarising subject, that renders a "no" vote understandable if you look at the functioning of the Union and at the prevailing sentiment of European citizens, but that renders a "yes" vote absolutely sensible if you look at the prospect of the democratic consolidation of Turkey, at Europe's role in the Middle East, at the need to isolate Islamic fundamentalism and at the indirect contribution that can be given to the fight against terrorism. It was not easy for any of us to take a position, in the Commission, on

the line that was then adopted. But, I would also like to add that the genesis of the accession of Turkey is attributable to the European Council in Helsinki in 1999. A proposal that was a bit impromptu and not proposed by the Commission, but by a few government leaders. Perhaps it would have been more prudent to imagine, in those days, a less open course, more gradual and aware. This introduces the theme of the reciprocal roles and relationships between the European Council and Commission, but we would need another interview for that.

**A question on the enlargement. The Union had difficulty being homogeneous with 15 members, what will happen now with 25? Wouldn't it be desirable for the old members to act as driving force for the whole convoy?**

No, I have a different idea. The Enlargement functions to the extent that the communal system reinforces itself with respect to local governments. And the Constitution is rightly going in this direction. This need, moreover, is strongly felt by the new members, especially the small ones. They want a strong Commission, and a strong Court of Justice because they know that a Europe that tended toward the intergovernmental would be a Europe of the 19th century, with a few large countries that share out the areas of influence. After all, the new member States, almost all small, are pushing strongly for the realisation of the Lisbon strategies: development of the role of the markets, a battle against national protectionism, competition, economic dynamic . . . On these subjects, the new countries are more in line with the needs of Europe than France, Germany and Italy. As a matter of fact, speaking theoretically, a "steel nucleus" of founding members would run the risk of becoming more of a slowing factor than a helping hand. If anything, the old European partners could have a role in the area of historical memory; on the verification of the Constitution, for example, they could be the ones to propose the maieutic warning we spoke of.

**This issue of *east* is dedicating its cover and Dossier to China. A vast topic. I'll just ask you for one comment on the polarisation between those who are**

**willing to co-operate and the advocates of a return to tariffs, protective policies, etc.**

Beyond all considerations, what China is doing to bring its development model nearer to a Western model is often underestimated. A few months ago, on the occasion of the Chinese Prime Minister's visit to Brussels, we were able to measure their progress on various grounds. The well known battle against forgeries and respect for intellectual property (generally, it is thought that the Chinese government is just happy to close its eyes to Chinese companies' piracy of Western companies, while, actually, the Chinese have the same problem at home). The issue of antitrust, on which a collaborative effort has been begun with Europe and about which Europe is pressuring for the elimination of the type of discrimination in which the control of concentrations is only applied to non-Chinese companies. This is another aspect of the work done by Europe which is not adequately known about and appreciated: we are always on the frontline of the battle for individual rights and rules.

**Therefore, you agree with Professor Savona, who sees Europe's role in the world as that of an exporter of models of political, social, institutional, etc., relationships?**

I agree absolutely. Europe can have a key role, like the United States, and more so, in the governance of globalisation, working to ensure that the globalisation process develops without creating protectionist or revolutionary reactions that cause it setback. I do not believe that globalisation can proceed and be reasonably accepted if it is driven by a small and decreasing number of large multinational corporations that grow increasingly larger, and by a single political superpower. Western interest in a globalisation understood to be an extension of the market and democracy can be better served by United States-Europe cooperation, with a strong Europe, than by American unilateralism. Naturally, to do this not in a wishful way, Europe must, paradoxically, be a bit like the United States, in its internal productive structures. In this sense, I repeat, we have covered a lot of road over the past 10 years, but there is still much to do to liberate our economy even more.