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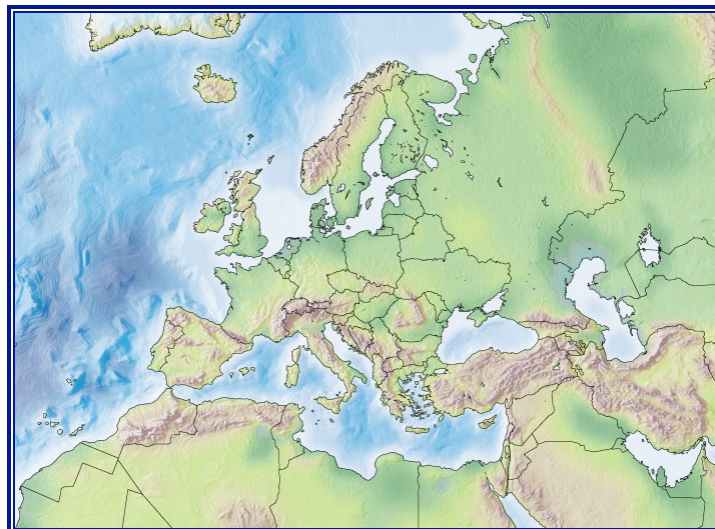
## **Young Leaders Study Group on “The Future of Europe: Perspectives for European Integration”**

### **Fourth Conference**

### **“Compromises for the Greater Europe“**

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### **CONFERENCE REPORT**



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## Introduction

Just about 18 months after their first meeting, the Young Leaders Study Group on the Future of Europe met for a concluding conference in the European capital. It was, indeed, a different world the group was meeting in. Not merely in geographical terms, that is, moving from Berlin over Warsaw and Washington, D.C. to Brussels, but rather in a political sense: The great transatlantic – and European – divide of the immediate post-Iraq war period was less gaping, and of course, the European Union had enlarged during their meeting period. The partner the United States has to deal with has nearly doubled its membership rendering policy-making, at least at a first glance, more complex.

Some of the less helpful oversimplifications of the past months and years (like ‘Old vs. New Europe’) have been overcome, others are still lingering (like ‘blue vs. red America’). Today’s world, in principle, always merits a closer look, and this is what the participants of the Study group had been trying to do over the past one and a half years, whether it was about European integration, transatlantic co-operation, or global challenges. As one speaker put it, Americans are not from Mars, and Europeans are not from Venus. There simply is no single U.S. or EU model; any attempt so reduce either continent to just one characteristic is empirically unfounded. Both Europe and the United States, that speaker observed, are deeply divided in themselves. And more often than not, they are divided over the same issues and along similar lines – another trait they have in common.

In this sense, there are hardly any “EU-only issues”: currency, justice and home affairs, enlargement – they all have major implications for the United States and are, in return, influenced by U.S. decisions. It would therefore, to say the least, be in the interest of Europe and Europeans that these seemingly European issues concerned the United States. Even though it sometimes will be difficult to acknowledge that relations are not yet always ‘eye to eye’: The United States, to put it bluntly, has more of a say in and influence on, say, relations between the EU and Turkey than, for example, the EU has on American-Mexican relations. This would only change once the EU has become the global player it aspires to be.

Therefore, compromises were needed, as was also the title of the concluding conference. A good compromise is found, German foreign minister Joschka Fischer

once explained referring to the one reached during the intergovernmental negotiations about the European Constitution, when everybody can live with the result but no one is really content. Europeans, for their part, have learned to live with compromises over the past decades. And while some important compromises on international issues were found between the U.S. and the EU recently (e.g. on Iraq and Iran) leaving either side somewhat discontent, others are still out for a settlement both partners can live with (e.g. the China arms embargo or the International Criminal Court).

A precondition for compromise, however, is that each of the sides negotiating knows what it wants to achieve, what its goals are. This is, unfortunately, often a problem for the European Union and, consequently, for its main international interlocutor, the United States. Many European politicians have contented themselves to only react to American policy proposals and strategies instead of coming up with their own propositions. So, the *conditio sine qua non* for transatlantic compromises is a (near) unitary European position. To be true, on the majority of issues first intra-European, then transatlantic agreement is reached. However, it is the prominent and contentious issues that stick out, providing us with just another tide of transatlantic troubled waters. In what areas compromises may now be reached and how, this was part of the group's discussions.

## 1 Compromises on European integration

### 1.1 The limits of the European Union: institutional

No other subject pointed out, at the time of the conference, the institutional limits of the European Union than the French referendum on the European Constitutional Treaty. With only a few weeks to go, public opinion polls showed a majority of voters rejecting the Treaty. While Europhiles across the board certainly would not wish for such an outcome, the idea whether a French No would pose a crisis, a severe crisis, or no crisis at all, was a point of debate.

One speaker indeed merely replied "So what?" when asked about the consequences of a potential failure of the referendum. Technically, he claimed, "business as usual" is possible; however, the European spirit would be lost. The "equilibrium between European deals and European ideals", which had ruled throughout most of the history of European integration, would be at risk. Then again, historically speaking, it

was mostly through crises that Europe had advanced: Jacques Delors himself, a much-revered promoter of European integration, claimed that only Eurosclerosis had provided the drive for more integration at his, e.g. the Single European Act. Therefore, we should not be too impatient; what counts is continuity in the long run. “What is fifty years in the face of history”, he wisely asked.

Failure of the referendum would not even preclude further enlargement, another speaker confirmed. The regulations from the Nice Treaty would be sufficient to go on with the next scheduled steps. Also for political reasons, it would be difficult to block the entry of Bulgaria and Romania into the Union. Nevertheless, the speaker cautioned about thinking that enlargements had become more political and, thus, less bound to rationality. Indeed, never have enlargements been purely technical, as one could see from the inclusion of the young, still shaky democracies of the time like Spain, Portugal, or Greece. It would, however, be important to analyse, by the French leadership, exactly why the French people would have rejected the Constitution.

Commenting on the ongoing discussions about the referendum in France, one speaker characterised the Constitution as follows: “If Britons reject it as socialist, and the French as liberal, then chances are you have a good compromise.” (This also fulfils the second part of Fischer’s definition: discontent. Whether people in France and Britain could also live with it, is for the referenda to show.) He then went on to say that he did not expect a major crisis after a French rejection because the roots of European integration were deep enough. Yet it would be the end of the Constitution as it stands now. One good thing about the looming failure nonetheless was the national debate in countries like France or the Netherlands. Imperfect as they were, and indeed much of the anxiety in the debate was about issues unrelated to the Constitution, they were needed in every country, he said.

Others, though seeing a rejection as a major crisis that would set back the EU for three to four years, denounced any fatalism in this judgement. Referenda are democratic, and democracy is not a failure. The “only” failure would then be the incapability of French elites to explain the Constitution properly to the French public.

Those who dared speculating about deep-reaching changes to the European architecture were divided, though, about the direction of these. While Franco-German relations had not always been beneficial to EU, there was still no substitute in sight yet, one speaker claimed. The two countries were still needed for compromise, often

representing two different political strands. Another used the argument about different strands to promote serious co-operation in the so-called Weimar Triangle. Together, France, Poland, and Germany could drive the Union, bridging Romanist, Germanic, and Slavic cultures. Poland, for example, was needed to balance French *dirigiste* views in economy, or *contre-pouvoir* stances in transatlantic relations.

Others still expected a deliberate shift towards a “Europe at different speeds”. While in reality, there are already different degrees of integration within the EU (the Euro zone, the Schengen area, and some opt-outs in defence), concentric circles have so far not been accepted as an official policy. Moreover, talk of a *directoire* always appeals to only those who think of themselves as being part of it. One economist warned, on purely technical, non-ethical grounds, of too much enthusiasm: Even though decision-making costs were lower in a smaller circle of countries, compliance costs would probably greatly increase. Mathematically, the “optimal club size” could be calculated this way but he acknowledged, the results would not be politically acceptable.

Whatever the direction the discussion should take after the potential failure of the Constitution, what is certain is more European navel-gazing, one speaker lamented. This would again bind energies internally at a time where Europe has just started to get its act together and assume a role, generally in partnership with the United States, on the international scene. Luckily, another official confirmed, some of the present developments in the Common Foreign and Security Policy (CFSP) could continue with or without the Constitution. The European Union’s External Action Service could be created but not the post of the EU Foreign Minister. And even without the latter, introduction of the former could still create the necessary momentum on the slow and evolutionary way towards a more unitary European Foreign Policy. The post of “EU ambassador” to any given country could soon be more important than many of his or her 25 national colleagues, thus gradually decreasing the number of Member States’ representations abroad and streamlining policy analysis and strategic thinking.

## 1.2 The limits of the European Union: political

This last aspects leads to another point where the EU’s limits have been reached fast in the past: strategy and policy goals, let alone European interests have seldom been defined. While the “ever closer political union” is an aim stated in the Treaty of the

European Union, many people in the EU have asked, why do we need (more) European integration?

To this question there is, one speaker admitted, no easy answer: Europe, he said, is still a peace project. But for today's Youth, war is unthinkable anyhow. Yet, the mere growing of prosperity is not the answer either.

A second speaker tried to give his own answer to the question: Integration is not a goal in itself but only a means to enhance the welfare and security of EU citizens, he claimed. While it was true that European integration, initially, was designed to enhance European welfare and security, today one had to realise that not every step in integration also helped further these aims. To the contrary, a large portion of the *acquis*, he claimed, is actually hindering economic competitiveness. To acknowledge the limits of integration would mean to acknowledge that the EU has only a subsidiary role in some and no role in other areas, he continued. In the future, the EU should "do less, but better!" The European Parliament in particular should "not be a chapel where only worshippers of European integration sit, but a place of open debate."

This rather euro-sceptic point of view was countered by referring to what the people, one way or the other, want and expect from government today. They want security, which is why support for a European Foreign and Security Policy is steadily high; they want wealth, which is why, in principle, they but at least their leaders should opt for the completion of the Single market; and the expected justice, which is why, not only after 9/11, European and transatlantic co-operation on justice and home affairs is vital.

Despite all difficulties and disagreements, some saw nevertheless basic principles of the European Union materializing. The EU has an extraordinary story to tell, one speaker announced, the story of enlargement of Freedom. While a hundred years ago, only four European countries were counted to be free, today there is only one country in Europe that is considered unfree. Spreading its values of Freedom, Democracy, and Rule of Law could thus be seen as a corner stone in the strategic and political justification of the European project.

Another underlying principle of the EU is solidarity, another speaker proffered. The question was not How much can I get from EU, but How much can I give to EU?

### 1.3 The limits of the European Union: economical

Looking at the economic performance of the EU, some more limitations seem apparent. The so-called Lisbon strategy, announced in 2000 at the height of the Internet boom, was designed for “employment, economic reform and social cohesion”. Taken by the letter, this strategy has failed, one speaker simply said. However, it has created the momentum for the reforms now ongoing in many European countries.

It is now time to complete the Single Market, he continued, e.g. the Internal Market for Services. Already the Prodi Commission had planned the liberalisation of services in order to boost economic growth. (75% of the European gross domestic product, or GDP, is generated in the service sector.) The so-called services directive proposed by then Commissioner Bolkestein has sparked much controversy, not least in France where it feeds the arguments of the Naysayers in the referendum. The directive aims to enable the free professions (such as lawyers, physicians, architects) but also professionals in the health services, construction workers etc. to offer their services EU-wide.

Calculations have shown, one speaker informed the group, that the overall welfare gains in terms of lower consumer prices and more jobs would be highest in the Netherlands, Great Britain, and Finland. In the new Member States, towards which much of the public fear of ‘cheap labour’ is directed, the net effects would not be so high, as there would only be some job gains but no consumer gains. However, due to efforts from the old Member States, the directive has been put off the shelf for now. A failure, one speaker from the old Member States warned, because “if we don’t let these cheaper service workers in, then our companies will move out.”

Also in currency matters, limits of integration seem to have been reached recently. The reform of the Stability and Growth Pact, while leaving its legal format untouched, has shone a bad light again on policy-makers in the large, old Member States. It looked too much like they were again trying to avoid necessary domestic economic reforms by placing the onus on European regulations, one speaker bemoaned. Yet, by citing what Mark Twain once said about the Music of Richard Wagner – “You may not like the music of Wagner, but it is definitely better than it sounds” – he also found some good sides to the recent reform: The preventive arm of the Pact has been strengthened, demanding savings in good times and, at the same time, allowing for



more flexibility in bad times; now, all relevant factors are to be taken into account when judging a country's deficit, admittedly offering every country an excuse; and more emphasis is now put on debt (the Pact allows for a maximum of 60% of GDP) rather than on deficits (the infamous 3% of annual GDP), because it has become clear that the correlation between inflation and debt is stronger than between inflation and deficit.

More than other policy areas, the economic dire straits of Europe demonstrate the obvious present lack of leadership in the old continent, one speaker regretted. Politicians across the board fear reforms for their unpopularity. Instead, they blame the EU for their own domestic shortcomings. What they should do, however, is try and explain the positive things of reforms. Politicians should shape public opinion and not be driven by it, the speaker claimed.

#### 1.4 The limits of the European Union: geographical

Such bold behaviour would be much needed when talking about the potential geographical limits of the European Union, not of Europe. One speaker openly suggested that all the countries of the Balkans, that Turkey, Ukraine, Belarus, and even Moldova should join, thus raising membership to 38 to 40 countries at around 2020. To acknowledge this and to defend it against a hostile European public would demand just as much leadership as promoting economic and social reforms. In the end, to say that enlargement will end and where, would help alleviate the (mostly) unfounded fears, he predicted.

With a view to the balance between further enlargement ("widening") and continuing integration ("deepening"), one speaker drew the attention to another condition of accession, the one set by the Copenhagen criteria that the applicant country cannot fulfil: the ability of the Union to enlarge while maintaining integration momentum. This clause could be invoked by any Member State in any future enlargement round, reminding EU Member States that they shall not endlessly widen their union to the detriment of deepening it.

Once the limits to enlargement were set, a Neighbourhood Policy worthy of the name would be needed. Its precondition should be clarity about its goal, i.e. that it is not a pre-accession policy. One speaker proposed that the Neighbourhood Policy should be modelled after the support policies to Central and Eastern European countries during the Helsinki process from the 1970s. Such a policy could then be the

European answer to the U.S. democratisation policy in the Wider Middle East. (More on this in part 2c dealing directly with the Middle East.)

## 2 Compromises on the European neighbourhood

### 2.1 Enlargement

To draw the line between accession policy and neighbourhood policy is certainly one of the tasks where compromises are the most difficult to reach. Enlargements so far have been rather unquestioned regarding the countries' principal belonging to Europe and, thus, their potential membership in the European Union. With future accessions, this is no longer taken for granted: While the countries from the Western Balkans (Bosnia-Herzegovina, Serbia-Montenegro, Macedonia, and Albania) geographically belong without doubt to the European continent, their perceived "backwardness", aggravated by a decade of wars, makes some question their European credentials. Countries like Ukraine, for all her democratic revolution, or Belarus will have an equally hard time to convince Europeans of their belonging to the club as will have Turkey.

The more important, then, is to look at the effects last year's enlargement round has had so far. When the group met in Warsaw only weeks before "E-Day", notwithstanding a general enthusiasm for the whole undertaking, there were nevertheless some doubts about where the Big Bang would lead the Union. Or, for that matter, whether the new member states were actually able to cope with the demands of EU daily life, including channelling subsidies to farmers.

One speaker highlighted the more technical changes in decision-making in European institutions. There were, at 25, more formal discussions and it was much more difficult to assess majorities or individual positions beforehand. Referring to a cap on the Commission's size even after future enlargements, the speaker presumed that a Commission smaller in number than member states would de-politicize the college. This is so simply because, when not all member states were represented in the body, then it would be completely unthinkable that a commissioner followed some perception of his or her country's national interest.

From the perspective of a new member state, or the "EU-10" as they were now neutrally called, Poland has made important economic and foreign policy gains during the past twelve months. It has benefited from its NATO membership (where it

is an “old member” compared to the newcomers of last April) and, very visible to the broad public, was able to share its unique foreign policy experience during the democratic revolution in neighbouring Ukraine. In economic terms, an increase in GDP growth was reported, with accession adding roughly 1,5% annually to the country’s wealth. Domestic investments have risen, as have exports, thus reducing Poland’s trade deficit. Foreign direct investment is still at high levels, even though a peak of 10 billion U.S.-dollars was reached already in 2000 in anticipation of enlargement.

However, one speaker informed the group, unemployment is still high making the restrictions on the free movement of labour, imposed by some of the EU-15 countries, felt badly. In fact, those countries that did open their markets, like the United Kingdom, Ireland, and Sweden, have seen good results themselves. Closing borders is a mistake, the speaker simply reasoned.

On the whole, there was a good absorption of EU funds. Poland has not become a net contributor in her first year of membership, as some interlocutors had feared still at last year’s Warsaw conference. Support for EU membership was growing, including among farmers, a group that used to be highly apprehensive of it. Prospects for a ratification of the EU Constitution were rising, too.

In all of the Central and Eastern European countries, enlargement was an overall political and economic success, the speaker explained. Most of the necessary sacrifices had been expected, and now there were structural funds to alleviate the sometimes-harsh effects of competition. He observed an interesting asymmetry between anticipations on the side of the old and new members: There was an underestimation of the positive effects on the side of the EU-10 and, at the same time, an overestimation of the negative effects on EU-15 side. The latter, for example, had also seen economic benefits with an estimated additional GDP of 0,1% p.a. However, it was true that, for these countries, long-term advantages were curtailed by short-term losses.

On the prospects of enlargement, four countries are already on the row. Romania and Bulgaria are set to join in 2007, albeit a “super safeguard clause” could be invoked in the case of Romania. For Croatia and Turkey, negotiations have not yet started but are planned to do so in 2005. Another country, the Former Yugoslav Republic of Macedonia, has applied for membership but has not yet been accepted

as a candidate. Membership perspective has also formally been given to the other countries of the Western Balkans, i.e. Albania, Bosnia-Herzegovina, and Serbia-Montenegro. For them, a Stabilisation and Association Agreement, comparable to the Europe Agreements of the 1990s, represents the first contractual relation with EU. Their potential accession will not, one speaker predicted, be achieved during this decade; it was, however, important to get them on right track.

While there was seen a certain certainty, not to say automatism in this scenario, the truly crucial question was How to define enlargements in the future? The Copenhagen criteria, one participant reminded the group, are potentially universal: They demand Democracy, Rule of law, Human rights, and a market economy. Therefore, the EU could potentially enlarge on a global scale. While the European Constitution indeed limits membership to all countries “European”, it was clear that, with the acceptance of Turkey as a candidate country, the clarity of this defining adjective was lost.

For the future of Europe, it would hence be essential to define, firstly, an in-group and an out-group and, then, to give an identity and self-sense to the in-group. This was where, again, changing conceptions of the European Union came to the fore: What is the EU for? Is it an organisation based on identity or is it maybe a functional organisation?

## 2.2 NATO

The North Atlantic Treaty Organisation (NATO) is a close neighbour of the European institutions in Brussels, yet the two had little to no contact at all for nearly a half-century. This is even more astonishing taking into consideration that both NATO and the EU were founded to defend Europe: the former against the Soviet Union and the Warsaw Pact, the latter against itself and its centuries-old penchant for war. This has changed, luckily, over the past seven years, and in today’s crisis management operations, the two organisations at least recognise the other, at times as partner, other times as rival.

As concerns NATO, one speaker saw three reasons for optimism: The re-election of the American president Bush had brought new clarity forcing all sides involved to improve relations rather than to wait for better times. Then, in accordance with events on the world scene, the extreme views (on both sides) had been discredited. And,

finally, he claimed, NATO had shown the potential for change by offering a venue for transatlantic bargaining and acting as a transatlantic transmission belt.

The optimism was not to deny the considerable challenge ahead, both for NATO as an organisation and the transatlantic relations as a whole. First and foremost, there is the need to reconstruct the transatlantic security community so as to adapt it to the real post-Cold War, post-9/11 world. This is, the speaker cautioned, more difficult today than in 1945, simply because there is no clear (state) enemy as there was then the Soviet Union. “Stalin was the midwife of NATO”, he boldly claimed. Thus, more than in the past, today’s challenges bear the potential for division (as it happened during the Iraq crisis) rather than the unification of allies.

In order to tackle these challenges, a valuable new consensus is about to emerge in four areas, one discussant opined. On the intellectual level, there is now an agreement on how to think about security. NATO has turned from a geographic to a functional approach: ‘Go to where the problem is’, now is the motto transforming NATO from a Euro-centric to a potentially global actor. Concerning the military, all agree that a new type of forces is needed: ‘heavy metal Cold War forces’ are outdated, and NATO is the marketplace for military transformation.

On the institutional side, there is consensus about the need to build a strong EU-NATO partnership. As both organisations now deal with similar matters, it was important not only to avoid any collision of the two, but also to reap the benefits of mutual co-operation, e.g. through the Berlin-plus agreements. Finally, in the geopolitical sphere, the Middle East has emerged as the most important region for transatlantic security. Transformation of this region must be a common project for Europe and America as well as for NATO and the EU, the speaker demanded.

However, there is a precondition for these four consensus areas to really take effect, and this is the ‘cultural transformation’ of NATO into a forum for political dialogue among allies. (Which is what also German chancellor Schröder wanted to say in his somewhat clumsy remarks at the Munich Security Conference earlier this year.) Too much time was devoted to the operational nitty-gritty talk these days, one speaker lamented, and too little to vision and strategy. A notion of the world to come and NATO’s role in it was highly important to the organisation. Yet again, while engaging in ‘sexy operations’ in the world, NATO is also still cleaning up the Cold War mess in

Europe, largely by providing membership to its former enemies and transforming their military. After all, NATO has still a job to do in Europe!

### 2.3 The Greater Middle East

As mentioned before, the Greater Middle East, stretching from Afghanistan and Iran over Israel and Palestine to the Atlantic shores of Morocco, is a region of prime importance to both Americans and Europeans. What is more, at a broad level, American and European concerns in the Greater Middle East are identical, the group found. Both sides would like to mitigate any security threats that flow from the region, trade with its states as openly as possible, and see greater development of basic human rights, transparency, and democracy.

Traditionally both the U.S. and European states have pursued these interests in roughly this order of priority. Today, however, there is increasing agreement—if admittedly from a variety of foundational views—that the three goals are tightly bound together. Americans and Europeans can agree that more attention to human rights, democracy, and economic openness across the Middle East are a necessary part of any strategy to diminish threats and maintain a flow of oil. In this respect, it is furthermore important to link up a joint EU-U.S. approach with the existing European Neighbourhood Policy, including the EU's Mediterranean policy. Although these policies do not have a major security pillar, their contribution to stabilising the countries – through the power of attraction – is of great importance to the overall transatlantic approach.

In their discussions, the group focused on the main and first aim, i.e. democratisation. It was felt that it was somewhat easier to agree on concrete steps in the near and medium term, e.g. to support the new Iraqi government or the new Palestinian leadership in building viable political infrastructures, than on the medium- and long-term feasibility of an installation of genuine democracy in most Middle Eastern regimes. Some participants stressed that it was important to focus on the desirable process of democratisation rather than on the end state of 'democracy' difficult to define.

The question was then raised whether democratisation 'at all costs', with the risk of bringing Islamist parties to power, could be envisaged or whether the West should not aim to have also 'friendly regimes' in these countries. A way around this dilemma was found in avoiding the word "friendly" and using 'reliable regimes' instead:

Reliable are only those governments that accept a system of checks and balances. The lesson of decades of Middle Eastern policy was precisely that 'our villain' is of no help when he retains power, with Western help, by suppressing his people, thus fuelling the 'anti-Westernism' of the streets.

### 3 Compromises on Global issues

European action, and with it transatlantic co-operation, is in no way limited to the European circumference. Most speakers and participants alike agreed that it was pivotal that Europe and America promoted their values, jointly, abroad. One of the recommendations coming from the group was that the two should continue their joint efforts, but should try harder both in finding common ground and in standing things through successfully.

While some might claim that, after the 'European 11/9' (fall of the Berlin Wall) and the 'American 9/11' (terrorist attacks), the two sides of the Atlantic no longer share the same interests or values, others insist that these still exist and that partnership is essential. Depending on how one looked at the burning issues, whether it be the rise of China and India, the parlour state of Middle East, or global poverty and the North-South divide, the interests of the United States, the member states of the European Union, and other free countries are either identical or compatible. They only differed sometimes, one speaker explained, in their approach, diverse perceptions notwithstanding.

#### 3.1 Power: soft, transformative, and seductive

The concept of Soft Power and its merits have re-emerged in transatlantic discussions following allied victory in Iraq and the apparent difficulties in 'winning the hearts and minds' of the Arab street. In the discussion of the group, one recommendation was made to use the soft power of the West less like 'McDonalds and Hamburgers' and more like 'Spaghetti and Cappuccino': The former are associated with a profit-making chain, but the latter are seen as people-serving products, not coupled with a distinct – and easily dislikeable – institution. As we have seen in many places over the world, it was argued, the spread of democracy meets resistance when seen as driven by U.S. (economic or security) interests. In business terms, it could therefore be turned into a branding problem: the product to be sold (freedom and democracy or, in the European version, human rights and the rule of

law) is perceived as Western interference, not as something one can “buy” and adapt to its own needs. Selling an idea, or maybe “franchising”, is therefore more promising than selling a ready-made product, which people unaccustomed to might find hard to swallow.

‘Europe’, on the other hand, is a very good brand, one presenter informed the group, referring to a recent poll where 30% of U.S. citizens said they wanted the EU to be more important in global affairs than the U.S. Europe’s weakness is indeed deliberately chosen, he claimed: because after the modern Thirty Years War from 1914 to 1945, when up to 17.000 people died per day, Europe started to profoundly dislike war as such, and because NATO, i.e. the United States, made such a Kantian attitude possible in the first place. Today’s overall objective of the European Union is therefore to replace (military) power by law.

Europe has opted for markets, not for the army. The speaker admitted, though, that Europe had made the mistake to think that one can do without power at all. While not conceiving the world in solely military terms, the EU now had nevertheless understood that a military was still needed. During the 1990s, in particular from the war in Bosnia, the EU has learned two things: Firstly, that they, the Europeans, do need a military; and, secondly, that they need to take on a conflict when the United States do not. Then, after all, they shared the same goals: Woodrow Wilson’s dream, he added, contains both the spread of democracy (recent focus of U.S. foreign policy, sometimes seen as presumptuous strategy of the remaining superpower) and the spread of international law and International Organisations (long-standing priority of the EU, often conceived as mere evasion resulting from military weakness). Yet, the two are closely linked and should therefore be followed jointly by the two respective proponents.

This is particularly true for the fight against terrorism and, even more so, against the roots of terrorism, many members of the group insisted during the discussions. Terror as such is being fought already and in presumably close transatlantic co-operation, so it is difficult to make recommendations. But to also fight the ‘pipeline of terrorism’, i.e. combating poverty, spreading good governance, promoting social and political reforms as well as education, these are the issues where both the United States and the European Union could do much more – and together. The top-down approach largely followed at present can only aim at containment until a (long-term) bottom-up



democratisation processes has taken root. In order to achieve more participation, freer media, and better education, more incentives are needed to make societies move into that direction.

### 3.2 Trade, Emerging Markets, and Development

Though not being related directly to individual terrorist acts in the West like the 9/11 attacks or the Madrid bombing, poverty, unjust economic development or general social hopelessness do play a role in the broader picture. This is why EU-U.S. co-operation is needed, also in the terms of security interests, in the field of trade and development co-operation.

That makes it even more deplorable that, as one speaker declared, there is a bad understanding of decision-making processes in the economic sphere on both sides of the Atlantic. In the EU, there is frustration about Congress's last word on trade issues, and not the trade representatives'. At the same time, in the U.S., there is an only weak grasp of the accountability channels of the European Commission, calling for more transparency on the European side.

Nevertheless, the two economic blocks have the same priority, that is the World Trade Organisation's (WTO) 'Doha Agenda', the next step on the path to free trade. Without EU-U.S. cooperation, this round could not succeed. The two hence have to define their common objectives, and some good achievements have been made so far. One lesson from the previous negotiation round in Cancun was that the industrialised countries had to convince the developing countries of their own interest in participating in trade liberalisation. For this to happen, they would have to put realistic options on the table, including a slash of their own export subsidies. Especially with regard to the developing world, one speaker saw no alternative to an opening-up of the European markets: "Either we take their goods, or we have to take their (desperate and young) people", he said.

Concerning EU-U.S. trade disputes so often reported in the media, various speakers advised to be careful with words. For example, "war", they said, is an inappropriate metaphor for what is in fact a (WTO-)rule-based conflict resolution. Moreover, there is no single 'European social model' that one could pit against *the* American model in order to highlight yet another transatlantic rift. In fact, there happen to be at least three to four different social models on the Old Continent, e.g. Anglo-Saxon, Scandinavian, Franco-German, Central European etc.

And again, quite a few areas of co-operation could be identified: from investments, procurement, intellectual property right, and competition, over the emerging post 9/11 sector of trade and security, services, and mutual recognition of professional degrees, to the financial markets, the internet, spam regulation, and spy ware – all of these are as much in need of a joint U.S.-EU approach as this was in the interest of the two blocs. An EU-U.S. treaty, as some have proposed it, was not the appropriate vehicle for this, one speaker argued. For the United States, the single most important thing was growth in Europe, he maintained.

In their discussions, the group focused on concrete examples of transatlantic co-operation. The complete abolishment of agricultural subsidies on both sides of the Atlantic was declared as one aim. A joint EU-U.S. effort on education and innovation policy was another, much needed to enhance the attractiveness of the transatlantic market place. The 'War for talent' should not be fought between Europe and the United States, but jointly instead. The same is true for the fight against corruption: An overarching agreement on anti-corruption standards would help effectively levelling the playing field for emerging European countries and integrate them faster into the transatlantic market place.

Finally, on regulatory standards, both the United States and the European Union should encourage regulatory agencies to seek convergence of standards in a variety of crucial areas, including health and science, technology, consumer products etc. Such a process can potentially help both trading blocks minimize the need to go to the WTO to settle disputes.

### 3.3 Climate Change and Energy Dependency

For the group, the energy-environment nexus had the charm of 'Getting three for the price of one', linking up with discussions about terrorism and security, and trade and economy. This nexus was seen as to, at the same time, decrease Western oil dependency, improve ozone layer protection, and cut support for undemocratic regimes in Middle East.

- The unabated thirst for oil should be of serious concern: The United States alone consumes 25% of the global oil market, with Europe coming in second. China is set to surpass the U.S. by 2030, with its consumption presently growing seven times faster than the American one.

- Then, there is the continuing deterioration of the ozone layer: Man-made greenhouse gasses are increasing ocean temperatures, and thinning the ozone layer, provoking global warming, producing violent weather patterns, and contributing to the spread of infectious diseases. All of this is known and scientifically validated; yet, little is done about it.
- Finally, undemocratic regimes, some of which support terror, should lead Western countries to rethink some traditional policies: The eleven members of the Oil Producing and Exporting Countries' (OPEC) cartel, some of whose governments have been connected to radical Islam, control 48% of today's oil market and will likely collect 345 billion U.S.-dollar revenues in 2005 alone. Western fossil fuel dependence is ironically nurturing the West's most profound security threats.

To design one policy approach simultaneously tackling all three problems would mean to 'get the biggest possible bang for the policy buck'.

The development of alternative energy sources, even though often decried in the United States, seems to hold the key to such an effective three-in-one police. This sector holds the potential for a new leapfrog technology. With the right economic incentives set, the U.S. and the EU could boast the alternative energy market to the benefit of economic growth on the transatlantic scale. There is a large economic potential in energy efficiency, and new technology could be sold to both the emerging markets and the developing countries. Moreover, it was a good guess that, when both the United States and the European Union were engaged, then China and India would soon follow suit. It was therefore important, in particular in America where "green politics" has a negative connotation, to raise awareness both among the public and the political elite. One initiative to build on was the 'Set America free' initiative.