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NATIONAL DEVELOPMENT PLANS AND PRE-ACCESSION STRUCTURAL FUNDS: LEARNING FROM THE EXPERIENCES OF IRELAND[1]

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ABSTRACT. As it moves towards the new millennium, the Irish economy is impressive not only because of the extent/speed of the transformation and of its growth performance but also due to the fascinating effectiveness in implementing the Structural Funds programmes. In this respect, the article explores the role of the Structural Funds in Ireland within three separate themes: institutional and organisational aspects of EU funds; procedures and instruments associated with EU funds; interrelations of monitoring, evaluation and management of EU funds. Even though, not all aspects of the Irish experience are likely to be equally relevant to Central and Eastern European policy makers and analysts, it is important to learn the essentials of the Irish case. Presumably one of the most important lessons, considering the new challenges of the Central and Eastern European Countries, is that the active structural policy pursued was decisively coupled with sound macroeconomic policies. Thus, Ireland demonstrates today what can be achieved if Structural Funds assistance is integrated into a coherent domestic policy which, in particular, maintains healthy macroeconomic conditions and which is supported by social consensus.*

1. Introductory remarks

Today Ireland enjoys the many economic advantages that come with full membership of the European Union. One crucial advantage is that Irish policy makers – in both the public and private sectors – have been able over the past decade to engage in investment planning in a more stable environment, with the co-operation as well as with the active financial support of other member states through the medium of generous Structural Fund development aid. As a consequence, in today's increasingly internationalised economy, some elements of domestic policy-making autonomy have been ceded by small states (such as Ireland) to supranational organisations (such as the European Union). The policy-making autonomy of small nation states wishing to be integral parts of the international economy is now heavily circumscribed and recognising this fact, and exploiting the consequences, is a wise exercise of national sovereignty.

National development planning in the less developed EU member states revived in the late 1980s in the context of enlargement of the EU regional aid budget. Four major driving forces of EU regional policy set the scene for dramatic changes in public policy making in the lagging regional states:

(a) The **progressive enlargement** of the EU after its foundation in 1956 – when there had

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been a degree of homogeneity at the national level – brought about an ever-increasing degree of socio-economic heterogeneity with the entry of Ireland (1973), Greece (1982), Portugal and Spain (1986). This brought about a growing willingness to address regional disparities within nation states as well as between states. Today, the EU is faced with a new enlargement, involving a group of very low-income states from Central and Eastern Europe (CEE), and EU regional policy faces new challenges.

(b) In addition to the simple aspect of enlargement, **the internal and external socio-economic challenges** faced by the member states and regions became more complex and forced EU policy makers to address the task of preparing weaker states and regions to handle such initiatives as the Single Market (SEM), Economic and Monetary Union (EMU) and more recently the need to prepare for the transition of economies of Central and Eastern Europe to EU membership.

(c) While all nation states operated internal regional policies of various types, what was different about EU regional policy was that significant **financial resources** were made available by the wealthier member states to fund regional policy initiatives in a limited number of the poorer member states as well as poorer regions of states. The available EU budget had initially been dominated by the need to support the Common Agricultural Policy (CAP), but there were major expansions in resources to fund regional development aid through the so-called *Community Support Frameworks* (CSFs) of Structural Funds over the periods 1989-93, 1994-99 and 2000-06.

(d) Finally, **the state of economic theory** had a significant influence on the expansion of resources for regional development within the

EU. Another driving force of EU regional policy came from the insights and guidance provided by theory, in particular by advances in the "new" trade and growth theories of the mid-1980s (Helpman and Krugman, 1985; Barro and Sala-i-Martin, 1995) and in economic geography in the 1990s (Fujita, Krugman and Venables, 1999).

The reform of EU regional investment aid programmes into fully integrated CSFs in the late 1980s presented EU as well as national policy makers and analysts in recipient countries like Ireland with major challenges. The political rationale behind the CSF had come from the fear that not all EU member states were likely to benefit equally from the Single Market, whose purpose was to dismantle all remaining non-tariff barriers within the Union. In particular, the less advanced economies of the Southern and Western periphery (mainly Greece, Portugal, Spain and Ireland) were felt to be particularly vulnerable unless they received development aid (Cecchini, 1988).

What was special about the reformed regional investment aid policies was their goals, i.e., the provision of financial aid to assist the design and implementation of policies whose explicit aim was to transform the underlying structure of the beneficiary economies in order to prepare them for exposure to the competitive forces about to be unleashed by the Single Market and EMU. Thus, CSF policies moved far beyond a conventional demand-side stabilisation role of public expenditure policies, and were directed at the promotion of structural change, faster long-term growth, and real convergence through improvement of mainly supply-side processes.

Ireland, together with Portugal and Greece, were the only countries designated in their entirety as Objective 1 (i.e., countries whose

general level of development lagged behind that of the EU average and whose GDP per head was less that 75 per cent of that average). Such countries (as well as large regions within Spain, Italy, Germany and the United Kingdom) received very generous development aid, measured as a share of GDP or as a share of total public investment. In the cases of Greece, Ireland and Portugal, the resulting CSFs came to dominate the entire programme of public sector investment expenditure in each country. In the Irish case, this had important implications for monitoring and for evaluation procedures in the entire public sector.

A second important factor in the Irish case is that domestic public investment policies shifted from a purely domestic process, buffeted by the short-term exigencies of maintaining balance in the public finances, to a more stable longer-term process that was carried out in co-operation with the European Commission. Of course, in Ireland as in the other aid recipients, there continued to be a very natural desire to maximise local control over design, monitoring and evaluation of development policy. However, the ceding of some policy autonomy to the Commission in Brussels generated minimal friction since the whole Structural Fund process was perceived to be a genuine partnership that allowed successive Irish administrations to break with the previous process of annual capital budgeting and put in place development plans of much longer

duration (i.e., five, six and seven years), and to finance them with far less difficulty in terms of increased public sector borrowing or taxation.[2]

The strict monitoring arrangements that were mandatory for the Structural Funds, as well as the need to carry out *ex-ante*, mid-term and *ex-post* evaluations served to promote and guide applied economic research agendas in Ireland since 1989. Indeed, research at the most aggregate level of monitoring/evaluation became something of an Irish area of specialisation during the past decade, and some of the approaches developed came to widely used in other recipient countries as well as by the Commission itself.[3] More recently, Irish researchers have collaborated with and advised applicant states in Central and Eastern Europe, where the development challenges have many similarities to those faced by the present EU periphery countries, but are of a much more challenging nature.[4]

Why might the Irish experience of monitoring/evaluating EU Structural Fund aid be of interest to other CEE policy makers? First, some of the background of how the Structural Fund monitoring was initiated and evolved over the decade since 1989 may be of interest. Techniques of monitoring/evaluation are still evolving, and have grown in their degree of formality and sophistication over the years. The CEE applicant states are coming to this process after a decade of evolution in which they have not yet participated.

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[2] On the financing issue, the Structural Funds were an important factor in stimulating higher economic growth, which generated increased revenue buoyancy. Only in the very early years of the CSF 1989-93 programme was the issue of absorptive capacity regarded as a possible problem. During the later years of CSF 1994-99 the Irish public finances moved into surplus, facilitating a much higher level of domestic public investment during CSF 2000-06 when the EU funding declined.

[3] For example, the work of the ESRI was used in the recently published *Second Report on Economic and Social Cohesion*, and used research from Ireland to develop evaluation procedures for the other Objective 1 countries and regions.

[4] In the cases of Latvia and Estonia, documentation on ex-ante evaluation of pre-accession Structural Fund aid is available in Bradley *et al*, 2000 and 2001.

Second, an Irish perspective on the crucial interdependencies between the monitoring and the evaluation of Structural Fund programmes may also be of interest. The Irish experience is that monitoring and evaluation are best seen as a very integrated process rather than as two completely separate and unrelated processes. Perhaps definitions of these two terms - monitoring and evaluation - may be useful at this stage:

Monitoring: This term is usually used to describe the verification of adequate compliance with policies agreed and codified in the CSF treaties and their supporting documents, including financial aspects (was funding spent according to the plan?), as well as the collection and analysis of relevant activity and performance indicators (length of roads built, numbers of people trained, etc.).

Evaluation: This term refers to the examination of whether the Structural Fund programmes implemented actually brought about the achievement of the desired goals. This involves the tracing out and quantification of the chain of causality between structural measures being applied and the securing of intended objectives. At the most aggregate level, the basic question is whether or not the Structural Fund programmes taken as a whole promoted convergence (or cohesion).[5] At the most detailed level, one might seek to evaluate how an individual project (such as the construction of a specific section of new road, the execution of a specific training scheme, or the provision of a specific aid to company export marketing)

increased economic efficiency or addressed market failure.

However, not all aspects of the Irish experience of monitoring and evaluation are likely to be equally relevant to CEE policy makers and analysts. For example, Ireland is a very small country, with a population of 3.8 million. It also has a very centralised system of public administration and has never had to address the challenges that large countries like Poland, Romania and Hungary face in tackling serious regional disparities within partly devolved regional administrations. Furthermore, by the time the Structural Fund aid arrived in 1989, Ireland had been an EU member for 17 years and had a reasonably well functioning market economy and market-based institutions.

In particular, in Ireland the transparent systems of accountability for domestic public finances had been well established long before the arrival of EU financial aid. These existing systems, with relatively minor modifications, were broadly used to receive and record EU aid, to combine it with domestic co-finance in the appropriate proportions, and to monitor its disbursement to institutions, firms and individuals who operated approved schemes. Thus, the actual financial monitoring of the Structural Funds posed few new challenges for Irish policy makers and created few problems for the European Commission. Perhaps this encouraged increased emphasis on monitoring of physical activity indicators (i.e. outputs) as well as on programme evaluation (i.e. causality and achievements of targets).

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[5] The term "convergence" is often used to describe the type of nominal convergence issues stated in, say, the Maastricht criteria. The term "cohesion" is used to indicate "real" convergence, such as the level of GDP per head.

Monitoring of Structural Funds in Ireland has always gone far beyond the simple verification of adequate compliance with agreed policies. Those responsible for monitoring tend to ensure that best value for money is obtained in achieving the stated goals of the underlying National Development Plans. In particular, the EU aid is never treated as "free" money. Rather the same "opportunity cost" is used for EU as for purely local expenditures. If a project cannot be justified in terms of purely domestic funding, it tends not to be approved for Structural Fund purposes. In simplified terms, what the Structural Funds permitted was a level of public investment that was considerably higher than would have been possible if all public expenditure had to be financed by domestic tax revenue or borrowing.

Ireland receives EU funding through two main channels: the price support system of the Common Agriculture Policy (CAP) and Structural Funds, including the Agricultural Guidance and Guarantee Fund (EAGGF). In what follows we ignore the former (price support) element and focus on the latter (Structural Fund) element.

It is of interest to explore the role of Structural Funds within three separate themes:

a. Institutional and organisational aspects of EU funds

b. Procedures and instruments associated with EU funds

c. Interrelations of monitoring, evaluation and management of EU funds

Having explored these themes in the following three sections, in the remainder of the paper we turn to some broader issues. In section 5 we consider the types of economic models that are needed to carry out evaluations of the aggregate impacts of Structural Funds on an economy. In Section 6 we consider how such models have been developed and used in the main cohesion countries, in regions such as East Germany, and are beginning to be used in some applicant states such as Latvia and Estonia. We conclude in Section 7 by asking the question of the extent to which Ireland's recent period of fast growth was purely the result of Structural Fund aid, or the result of a combination of other factors.

2. Institutions and organisation of Structural Funds

The Irish institutional and organisational set-up of National Development Planning for Structural Funds has important horizontal and vertical elements. Concerning *horizontal* aspects, an active system of Social Partnership has always operated in Ireland, and this has been increasingly formalised since the year 1986, i.e., just before the enlargement and reform of Structural Fund aid in the year 1989. The Social Partnership consists of the main Trade Union organisation (The Irish Congress of Trades Unions, ICTU), the main employers organisation (the Irish Business and Employers Confederation, IBEC), the main Farmers organisations, representatives of the unemployed and socially excluded, and Government. This Social Partnership operates at the very heart of strategic policy-making, and in particular is a vehicle used to negotiate a social pact every three years that covers issues such as wage determination, the level of social support and many other aspects of government policy. The Social Partners tend to become involved in the monitoring of EU funds mainly through participation in Steering

Committees for the individual Operational Programmes of the Structural Funds. Social Partners also lobby government on the formulation and priorities of the National Development Plans that precede the agreement of the CSFs with the European Commission. But they are not normally involved directly in actual policy decisions.

Concerning *vertical* aspects, it must be stressed that regional government in Ireland is very weak, with little or no policy-making discretion and no fund-raising powers. The small size of the country has tended to encourage centralisation in policy-making, particularly in aspects such as planning the physical infrastructure of the country in an integrated way, and in ensuring that systems of education and training, as well as investment incentives, were designed with national interests and standards in mind.

The first two EU Structural Funds (or CSFs) covered the periods 1989-93 and 1994-99, and were designed and implemented with a purely national focus. For the purposes of these CSFs, the whole country was designated as Objective 1, i.e., as a lagging region in need of development and structural adjustment. These CSFs were designed and administered centrally, by various Government Departments as will be described below. The nature of monitoring was determined at the implementation stage. For example, the actual constructions of roads were administered at the level of Local Government, which also had a role in monitoring progress. Education and training schemes were designed by the responsible Central Government department and administered through a mix of central institutions (such as the national training agency, FAS) as well as through vocational schools, which came under the control of Local Government.

In summary, it could be said that the first two Irish CSFs were designed, monitored and evaluated within a system that had strong *horizontal* elements, but only limited *vertical* elements. Only at the implementation stage did *vertical* organisational elements come to the fore. This had implications for outsourcing for CSF evaluation. Prior to the year 1996, almost all evaluation, and some aspects of monitoring, of the CSFs were commissioned by the responsible Central Government departments and carried out by private consultants, under remits set by the government. At the very lowest level of monitoring and evaluation of individual projects, as well as of Operational Programmes, this work was usually undertaken by firms of private consultants in the commercial sector. More aggregate analysis (at the level of the entire CSF), as well as analysis requiring technical or research aspects, were usually carried out by organisations such as the Economic and Social Research Institute (ESRI), a private research institute supported by a state grant to carry out research on issues of widespread public importance. Individual government departments also carried out some evaluation "within-house", and of course were responsible to the European Commission for the monitoring of expenditure of funds.

The above situation was adequate in the early stages of the CSFs, but was acknowledged to be less than ideal. In order to bring a greater degree of uniformity to the monitoring and evaluation function, in 1996 the government set up a centralised *CSFs Evaluation Unit*, which reported to the Monitoring Committee of the Technical

Assistance Operational Programme.[6] This is a relatively small unit, with some 20 staff on a mixture of short and long-term contracts, whose function is to advise and assist the government and the European Commission on the evaluation of EU Structural Fund programmes. It also promotes co-ordination and best practice in Structural Fund evaluation work, as well as acting in the role of "evaluator of the evaluators". In other words, much of the evaluation work is still outsourced, but the *CSF Evaluation Unit* ensures that high quality and best practice standards are observed.[7]

The Managing Authority for each Operational Programme of the CSF is vested in a range of different bodies. Taking the latest CSF for the period 2000-2006, the Managing Authority for the overall CSF is the Department of Finance and there are seven Operational Programmes, as set out below:

1) Economic and Social Infrastructure (Dept of Environment and Local Government)

2) Employment and Human Resources Development (Dept of Enterprise, Trade and Employment)

3) Productive Investment (Dept of Enterprise, Trade and Employment)

4) Border, Midlands and West Regional Programme (BMW Regional Assembly)[8]

5) Southern and Eastern Regional Programme (S&E Regional Assembly)

6) Peace Programme (Special EU Programmes Body)[9]

7) Cohesion Fund (Department of Finance)

The principal responsibilities of the Managing Authority for each Operational Programme is as follows:

(a) Chairing and providing the secretariat for the Monitoring Committee.

(b) Assembling statistical and financial information required for monitoring and supplying this information to the CSG Evaluation Unit in the Department of Finance.

(c) Drawing up an annual implementation report for approval by the Monitoring Committee and for submission to the European Commission.

(d) Submitting payment claims to the paying authorities for Structural Funds.

(e) Ensuring that EU funded expenditure is properly accounted for and managed.

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[6] Prior to 1996 there were four separate government evaluation units: Analysis and Evaluation Unit in the Agriculture, Rural Development and Forestry Operational Programme; an ESF Programme Evaluation Unit; an Industry Evaluation Unit; and an overall CSF Evaluation Unit.

[7] The *CSF Evaluation Unit* estimated that the total annual cost of all activities in the area of monitoring and evaluation (i.e., both its own work and that of work outsourced) was in the region of 1 to 1.5 per cent of Structural Fund expenditures. The average level of expenditure lay close to 1 per cent, but some Operational Programmes proved more expensive to evaluate (e.g., Fisheries (3.5 per cent), and Local Urban and Rural Development (1.4 per cent)). Details of the cost of monitoring and evaluation are given in CSF Evaluation Unit (1998), pp. 34-37. A list of publications by the *CSF Evaluation Unit* is given in the bibliographic appendix.

[8] For the purposes of CSF 2000-2006, Ireland has been divided into two regions: the Border, Midlands, West (BMW!) region, designated as Objective 1, and the Southern and Eastern (S&E) region, designated for transitional aid. An account of how these new levels of regional government may operate in the future is provided in Morgenroth (2000), a copy of which has been supplied with this report.

[9] The Peace funding is a special issue related to the civil conflict in Northern Ireland, which has affected the border areas of the Republic of Ireland adversely.

(f) Ensuring compliance with EU policies on public procurement, publicity, the environment and equality.

Each Operational Programme and the CSF as a whole, is supervised by Monitoring Committees, whose membership has remained fairly stable over all previous CSFs. Typically, there are representatives from the Managing Authority, the Department of Finance (which exercises a general supervisory role), other Government Departments and public bodies involved in implementation of programme measures, representatives from the regional assemblies and from the Social Partners (all pillars). In addition, there are representatives of equal opportunity and environmental interests drawn from relevant Government Departments or other statutory bodies.

The Monitoring Committee is responsible for decisions regarding EU co-funded measures in the Operational Programmes, including decisions on the reallocation of co-funded expenditure between measures within the Operational Programmes or between Operational Programme in the case of the overall CSF Monitoring Committee. They are also responsible for the mid-term review of the Operational Programmes in conjunction with the CSF Evaluation Unit in the Department of Finance. As regards operating procedures, each Monitoring Committee is responsible for drawing up its own rules of procedure and agreeing them with the Managing Authority and the Department of Finance. The Monitoring Committee is chaired by a representative of the Managing Authority.

The Department of Finance is the Managing Authority of the overall CSF and has representatives on all the other Operational Programme Monitoring Committees. All statistical and financial information must be supplied to the Department of Finance acting in its role as CSF Managing Authority. The special character of the EU funded programmes is that they oblige the Irish government to carry out monitoring and evaluation in the full glare of publicity. Hence, the Social partners and the European Commission authorities are an integral part of the monitoring and evaluation system. This has obvious and tangible benefits.

In general, it can be said that all domestic public expenditure is monitored and evaluated with a high degree of diligence. When standards fall below the acceptable, the Comptroller and Auditor General highlights the facts in his annual report to Parliament, and this usually attracts the full glare of media and public attention.

3. Procedures for monitoring Structural Funds

Three aspects can be distinguished here: financial, physical and socio-economic. With respect to the **financial** focus, the monitoring of EU funded programmes builds on and extends the underlying monitoring systems that are used for all domestic public expenditure. With respect to financial accountability, within the Irish public sector no distinction is made between purely domestic expenditure and programmes involving co-funded EU expenditure such as the CSF. Of course, the technical aspects of financial accountability for co-funded EU programmes must be set up in a more open and internationally accountable way, but the underlying principles of accountability and procedures are the same across all public expenditure.

With respect to **physical monitoring**, this tends to reflect the nature of the particular Operational Programme or project within an Operational Programme. The systems used depend on whether or not there are "intermediate" funding agencies involved that interface between central government and individual grant-aided projects. For example, projects within the Operational Programme for Economic and Social Infrastructure are managed by the Department of Environment and Local Government. Actual projects (such as roads, ports, etc.) tend to be commissioned by Local Government authorities as approved by the Department and the National Roads Authority. Physical monitoring will involve a process of data flow from individual projects, to the implementing Local Authority or the National Roads Authority (in the case of national highways), and from there to the Department and the Operational Programme Monitoring Committee.

In the case of projects within the Operational Programme for Employment and Human Resources Development, these are commissioned by the Department of Enterprise, Trade and Employment and are delivered mainly by state training agencies, universities and colleges of technology. Physical monitoring takes place within the state training agency, the universities and the colleges of technology, and data are fed up to the Monitoring Committee chaired by the Department as Managing Authority.

Aid to the productive sector (investment incentives, management training, marketing and design, trade fairs, etc.) is administered mainly by the two state agencies: *Enterprise Ireland* (with responsibility for local industry) and the *Industrial Development Agency* (IDA) (with responsibility for attracting foreign direct investment). Once again, the physical monitoring takes place within these two agencies, and data are fed up to the Monitoring Committee.

The new regionalisation of Ireland (into a poorer Border-Midlands-West region and a more developed South-East region) poses very difficult problems in terms of the role that the two new regional Assemblies will play in monitoring and evaluating their respective Operational Programmes during 2000-2006. As the paper by Morgenroth (2000) describes, the political and administrative modalities of regional devolution in Ireland in the context of EU funding have yet to be worked out. Pending new arrangements, it is likely that the Department of Finance, together with the Department of Environment and Local Government, will play a key role is making sure that all monitoring and evaluation procedures are followed.

Aspects of EU programmes related to **socio-economic impact** tend to be handled by specialist agencies such as *Combat Poverty* and the *National Economic and Social Forum* (NESF), with basic research provided by organisations like the Economic and Social Research Institute and the universities. In the case of the ESRI, a large-scale and regular survey of living conditions is carried out and used to examine the longer-term impacts of public policy, including EU-funded policies. In addition, the ESRI has developed a range of macroeconomic and sectoral models that are used for CSF evaluation exercises.

During the first two CSFs (1989-93 and 1994-99), there was little or no standardisation of monitoring indicators. The selection of indicators varied between Operational Programmes. In the case of basic infrastructure projects, the selection

of *performance* indicators is relatively simple (kilometres of roads constructed, additional telecommunication capacity, upgraded rail links, etc.). For projects aimed at employment and human resources, *performance* indicators are also relatively easy to design, although in the case of employment there are usually many other forces influencing the outcome, particularly in the private sector. As part of the remit in monitoring and evaluation, external consultants were usually asked to devise monitoring and performance indicators.

The difficulties tended to arise in the design of *impact* indicators, i.e., measures of how effective the policy interventions were in achieving the targets and goals of the programmes. For example, shorter travel times over specified road links usually result when the roads are first improved, but often degrade again as traffic levels build up and congestion problems occur.

In the mid-term review of the Irish CSF 1994-99, a review was carried out of the collection, analysis and review of performance indicators by the various Monitoring Committees (Honohan (ed.), 1997). In the case of the large programme of economic infrastructure, shortcomings regarding indicators were highlighted, including the absence of indicators in some sub-programmes, the very broad nature of indicators relating to infrastructure telecommunications upgrades and postal services. Across all the Operational Programmes the feeling was that the development of monitoring indicators was an inexact science, and it tended to be handled in an *ad-hoc* manner, depending on the nature and quality of data flowing from individual projects. In Operational Programmes below a certain size, monitoring data were expensive to collect and were not very useful. In Operational Programmes above a certain size, and where only a limited number were involved, mainly in the public sector, monitoring indicators were easier to gather and process.

At present there are no centralised IT-based systems to handle all aspects of EU-funded programmes. Such systems are under development in the IT section of the CSF Evaluation Unit and are due to be commissioned and implemented within the next few months. The experience gained in operating the previous manual and partially computerised systems has provided an invaluable guide to the systems analysts as they designed a uniform data-driven IT system. For the near future, both systems will be run in parallel.

4. Interrelations of monitoring, evaluation and management

The simplest form of monitoring and management operates through the phased payments made to individual projects. A fraction of the funds are paid up-front. Subsequent payments are made only when project milestones are met and documentary evidence produced to accompany any demand for payment. At this simple level, monitoring tends to be used as a "control" tool rather than as a "management" tool.

However, there are wider issues involved here. Monitoring operates in its most detailed form at the level of individual projects. Evaluation tends to take place at the level of Operational Programmes and sub-Programmes, other than for very large-scale individual projects (e.g., the construction of electricity power stations).[10]

[10] A full discussion of cost-benefit analysis carried out on a range of large-scale Irish projects is provided in CSF Evaluation Unit (1997).

During the mandatory mid-term review, each Operational Programme is evaluated in great detail, based on the existing monitoring data. This work is almost always outsourced and carried out by specialised and expert consultants. Shortly afterwards, all the mid-term evaluations of the Operational Programmes are collated and used as inputs to a full macroeconomic evaluation of the entire CSF. An example of this aggregate mid-term evaluation, carried out by the Economic and Social Research Institute, was published as Honohan (ed.), 1997.

So, the interrelation between monitoring and evaluation takes place in its simplest form as a process of collection of data at the level of individual projects, and the subsequent systematic aggregation of those data into full Operational Programmes and into the complete CSF. However, evaluation at the level of individual projects is also a part of large-scale projects, such as those mentioned above. Here, an *ex-ante* cost-benefit analysis will be an essential element of evaluation at the proposal stage, before approval for funding. This process can often throw up difficult problems and choices, for example what is the correct "opportunity cost" of labour, even when the level of unemployment is high?

The CSF is designed to ensure that good choices are likely to be made *ex-ante.* So, the European Commission insists on an *ex-ante* evaluation of any proposed National Development Plan, which must include a full macroeconomic evaluation of the likely impacts of the plan on the "cohesion" objective. In the Irish case, an example of such an *ex-ante* evaluation of CSF 1989-93 was published by the

ESRI as Bradley *et al*, 1992.[11]

No matter how careful the *ex-ante* evaluation, problems always arise during a CSF. In some cases, these problems become clear when negative side effects of programmes manifest themselves. In other cases, rapid changes in technology occur as the CSF is implemented, in areas that were not envisaged at the time of drawing up the original National Development Plan upon which the CSF was based. These types of problems tend to be identified during the mid-term evaluation, at a time when consideration is being given to any follow-up CSF a few years down the line.[12] In the above referenced ESRI mid-term review of CSF 1994-99, the authors designated what they called "sunset" and "sun-rise" areas in the CSF, and we illustrate some of these below.

Sunset areas:

(a) Poorly designed schemes of rural relief (e.g., headage payments for mountain sheep, which resulted in environmental degradation and no increased production..

(b) Under-priced business services (e.g., subsidised venture capital services by the state development agencies).

(c) Proliferation of local development entities that get in the way of larger regional and national initiatives that offer better outcomes at the local level.

(d) Expansion grants for immobile firms, where there is often a very high dead-weight element.

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[11] The *ex-ante* evaluation of CSF 1989-93 was carried out in 1988 and early 1989, although was not published until 1992. In fact, it had never occurred to the ESRI authors that such an evaluation would be of wider international interest! After making manuscript versions of the report available to anybody who requested one, the ESRI eventually realised that there was a wider interest and published the report.

Sun-rise areas:

(a) Investment in the new broad-band telecommunications (to facilitate inward investment in the IT industry).

(b) Greater provision of managed urban transport (made increasing necessary by the growing congestion in the national capital and elsewhere).

(c) Upgrading of rural networks in areas such as telecommunications, electricity, television and roads.

(d) More reliance on pricing mechanisms in projects.

These areas were identified in the mid-term evaluation of CSF 1994-99 and the lessons were incorporated into CSF 2000-06. Six years had separated the design stages of these two CSFs. This is such a long period that the particular need to carry out a thorough and searching *ex-ante* evaluation of national development requirements must be emphasised. Mistakes of omission or commission made in the design of the CSF can be costly and opportunities to engineer structural changes and modernisation can easily be lost.

Prior to the year 1989 (when the first CSF started), there had been no culture of carrying out detailed national planning in the full glare of publicity and with a process of consultation that involved oversight by a supra-national agency like the European Commission. Of course, previous national plans had been developed, starting in 1958 with the path-breaking *First Programme for Economic Expansion*. But these had been "indicative" or aspirational plans, and never committed the government to public expenditure

programmes spanning many years (and possibly, many administrations!). The level of evaluation of these earlier plans was very limited, even if monitoring of public expenditure was carried out carefully through the annual budgetary process.

The high and rigorous level of monitoring and evaluation of the CSFs served to transform the culture of these practices in Ireland. Back in 1989, monitoring and evaluation tended to carried out in a grudging way simply because it was required in order to gain access to EU funds. Since then, the utility of monitoring and evaluation has made it a part of public culture. Not only are such standards required within the public sector, but also the European Commission's requirement that these be carried in the public domain has generated interest all across civil society. This has been assisted by the pro-active stance on publication.

We interpret "published" as meaning the placing of the results in the public domain by means of printed reports and monographs, as well as in the form of postings on web sites.[13] An obvious form of publication consists of "inspirational" accounts of particularly significant EU programmes, written in an informal way and usually lavishly illustrated by coloured photographs. These clearly serve an important purpose in bring home to the general public how EU funds are aiding development at the very basic human level. Even the European Commission published such documents. An example is the recent publication of *A European success story: EU regional policy in Ireland* published by the Commission this year.

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[12] In a perfect world, the problems of one CSF would be identified fully in an *ex-post* evaluation. But, in practice, the *ex-post* evaluation comes too late in the process of designing the follow-on National Development Plan. So, the mid-term evaluation tends to be very influential.

[13] The web site of the CSF Evaluation Unit is as follows: www.eustructuralfunds.ie

Detailed monitoring results tend not to be published, although could be regarded as being in the public domain. Project evaluations (in the case of large-scale projects such as mentioned previously) as well as evaluations carried out at the Operational Programme or sub-programme level, are usually placed in the public domain and could be considered as "published". However, their readership would be very limited, and the form of publication would usually be simple "ring-bound" photocopies of the original report. In effect, these reports are best regarded as inputs to the Operational Programme Monitoring Committees and tend to be read only narrowly within the relevant government departments and agencies.

Where there is an important role for proper publication is either at the aggregate CSF evaluation level or when special research studies are carried out on particular Operational Programmes, sub-Programmes or Projects. Three example of the publication of analysis at the aggregate level would include the first *ex-ante* evaluation of the Irish CSF 1989-93 (Bradley *et al*, 1992); the mid-term review of the Irish CSF 1994-99 (Honohan ed.), 1997; and the *ex-ante* exploration of national investment priorities for the most recent Irish National Development Plan (Fitz Gerald *et al*, 1999). An example of a research-based evaluation of aspects of the ESF labour market programmes was Denny, Harmon and O'Connell (2000). An earlier examination of the role of EU loan instruments through the EIB is Honohan, 1992. When placed in the context of a wider domestic public interest in Irish economic development, and given the large size of the EU funds as a proportion of GDP, such published studies usually generate a high degree of interest and present relatively accessible accounts of how

the CSF adds up to produce significant increased growth and employment.

5. Was Ireland a case study of successful EU regional policy?

The original Cecchini *ex ante* study of the impact of the Single Market had been based on analysis of the four largest EU economies plus Belgium and the Netherlands, and the EU-wide results (including Ireland and the other poorer countries) were then derived by grossing up the results for these six economies (Cecchini, 1988). This presented an inaccurate picture of likely developments in the periphery, however, since developmental processes in the periphery tend to be quite different from those pertaining to the core.

A central element in the analysis of the likely implications of the SEM and EMU for the poorer EU member states concerned their impact mainly on the manufacturing sector, which consists of both tradable and non-(internationally)-tradable components. Activity in manufacturing is determined mainly by a combination of international cost-competitiveness and domestic and world demand. The greater the tradable component, the larger the impact on output of world demand relative to domestic demand. Among the poorer peripheral economies in 1989, Ireland was the most open of the four economies in this regard, and Spain the least open.

For the four cohesion economies, the effects of the Single Market on manufacturing fall into different categories. For example, "static" effects are those that arise as various sectors expand and others contract in each country in the wake of EU market integration. To determine which sectors are likely to expand and which contract, use was made of a detailed study of the competitiveness of industrial sectors in each EU country carried

out by the European Commission (O'Malley, 1992). The successful sectors expand through capturing increased foreign market share and the unsuccessful sectors decline through losing home-market share. Research suggested that the "static" shock was positive for Ireland, marginally negative for Portugal, moderately negative for Spain and strongly negative for Greece. The reason for this was that Ireland and Portugal have the largest shares of employment and output in the sectors in which these individual countries were expected to benefit from the Single Market, relative to those in the country-specific sectors that were expected to be adversely affected..

For both Spain and Portugal, however, the adverse "static" shocks were more than compensated for by beneficial "locational" effects, by which is meant the increased foreign direct investment (FDI) inflows that these economies had experienced. These increased inflows can be ascribed either to EU entry or to the Single Market programme. To the extent that the SEM is responsible, the net "static" plus "locational" effects for Ireland, Spain and Portugal were all found to be positive, but were negative for Greece. Finally, "growth-dependent" effects arise since, with further trade liberalisation increasing the proportion of internationally tradable relative to non-tradable goods, the periphery economies will be more strongly affected by growth in the EU core than is the case at present. The converse is also the case, and economies like Ireland are now more affected by world recessions than when they were less open to the international economy.

Of course, one of the main reasons for the introduction of the Community Support Framework of development aid, consisting of the 1989-93 and 1994-99 packages, and currently the 2000-06 package, was the fear that gains to core countries from the Single Market would dominate the gains to the periphery. The expanded CSF programmes of regional development aid were designed to prevent this relative disadvantage in the poorer countries. These programmes had effects on both the demand-side of the economy (in the sense of increasing aggregate spending) and on the supply-side (in the sense of increasing the productive capacity of the economy). The mechanisms underlying the first set of demand effects are far simpler than those underlying the second set of supply-side effects. There were three main channels through which the supply-side effects operate: the CSF improves the physical infrastructure of the economy, raises the level of human capital (through enhancing the skills and education of the labour force), and directly assists the private sector by subsidising investment.

Appropriately enough, since Greece was found to benefit least substantially from the Single Market, it, along with Portugal, benefited most substantially from the CSF. The benefits to Ireland and Spain were very much less. The relative size of these effects was due primarily to the relative size of the CSF funds allocated to each economy. For example, although Ireland did well in per capita terms from the CSF allocations, its relatively large GDP per head meant that the CSF allocations as a ratio of GDP were smaller than the equivalent ratios for Greece and Portugal.

After a full decade of Structural Funds and the Single Market, how have the cohesion countries performed? In Table 1 we show the convergence experience of these four countries, where it is seen that some quite rapid convergence has taken place in recent years.

Table 1: Relative GDP per capita in purchasing power parity terms (EU15 = 100)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Ireland	69.6	73.3	76.3	79.3	82.4	86.8	92.1	92.9	101.6	107.0	111.4	114.3
Spain	75.6	76.5	80.9	78.9	79.5	77.6	78.1	79.1	79.4	80.4	81.6	82.1
Greece	59.9	58.3	60.6	62.0	63.9	64.7	65.8	66.7	65.6	65.8	66.9	67.1
Portugal	59.7	61.0	64.4	65.4	68.0	69.8	70.5	70.1	73.4	74.8	75.7	75.7

Source: *European Economy, No. 70*, 2000

Adaptation to the competitive rigors of the Single Market and efficient use of Structural Funds underpin the dramatic convergence of Ireland that coincided with the implementation of the new EU regional policies. One is tempted to suggest that the combination of openness and the use of Structural Funds were the primary forces driving Irish convergence, but of course the full picture is more complex. Many other domestic issues were associated with accelerated Irish growth, such as the growth of human capital, fiscal stabilisation, social partnership, etc. Nevertheless, it is the policy of openness and the use of Structural Funds that served to distinguish Ireland from, say, Greece, which had a similar distance to travel but which has only recently set its wider policy framework in the context of embracing internationalisation. Portugal, on the other hand, is in the process of repeating Irish success. It remains to be seen if these countries can sustain their convergent behaviour in times of recession as well as in times of growth.

Looking at the way poorer regions can seek to accelerate their growth rate in order to catch up, it has been suggested that the Irish experience is essentially a working out of Marshallian externalities (Krugman, 1997); i.e.,

(a) An initial clustering of similar industries (often foreign owned and in the high technology areas such as computer equipment, software and pharmaceuticals) supported by local suppliers of specialised inputs subject to economies of scale. This process was started by incentives based mainly on a policy of very low rates of corporate taxation with high rates of personal income tax and indirect taxes;

(b) These clusters generated a local labour market for skilled workers that further facilitated the growth of the cluster. At this stage, the training and human resource policies of the Structural Funds were crucial aid in ensuring elastic labour supply;

(c) Spillovers of information further encouraged growth in the high technology sectors and provided the basis for additional clustering effects, often in traditional areas that could benefit from new technologies in their supply chains (e.g., food processing). Here, the improvements in physical infrastructure and in the productive environment supported by the Structural Funds were crucial.

(d) Finally, a consensual process of social partnership needed to be put in place to ensure that there were as few losers as possible in the economic restructuring that accompanied such a virtuous circle, with the result that growth was less likely to be choked off by industrial unrest. Although there were valuable lessons to be learned in Ireland from wider EU experience in this area, the policies put in place tended to be country specific.

Thus, openness to the full rigors of competition in the international marketplace was a necessary condition for Irish economic success, but was not sufficient. Four broad domestic policy strategies accompanied the external orientation of the economy:

i.   The pursuit of policies designed to bring about a steady build-up of the quality and quantity of education and training of the workforce.

ii.   The major improvements in the quality of the economy's physical infrastructure.

iii. The facilitation of the growth of a competitive Irish business sector through improved management, quality marketing, better services, lower costs of utilities, and more systematic linkages with other complementary activities (or clustering)

iv.   The provision by government of a stable domestic macroeconomic policy environment, where "stop-go" budgetary changes did not disrupt business planning.

As to the relevance of Ireland's experience for the CEE region, the policy initiatives that ensured that Ireland enjoyed an advantageous "first mover" status in the early 1960s are unlikely to benefit other smaller economies to the same extent. Furthermore, cluster development in the Irish case was seeded and reinforced by foreign direct investment, mainly by an industrial policy that distorted competition in Ireland's favour (through an initially zero rate of corporation tax on exports). It is doubtful if such a radical departure from tax harmonisation would be tolerated in the EU of today! In addition, generous Structural Fund development aid arrived at the optimum time, when modernisation of the industrial sector was well advanced, but where serious infrastructure and training deficiencies needed to be addressed.

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THE EUROPEAN UNION AS A GLOBAL PLAYER: PROSPECTS AND CHALLENGES

Lazăr Comănescu*

ABSTRACT. Strengthening the external action of the Union has emerged as a powerful expectation shared both by a large majority of members of the Convention on the future of Europe, and more significantly by public opinion when it has been consulted on this issue. Although there is a consensual desire for Europe to speak with a stronger voice in global affairs, the ways and means to achieve this objective still divide those called to clarify the path to be followed. The European Union is already a significant presence in world politics by its considerable share in the international trade, or its dominant contribution to development aid. Many criticise on the other hand the lack of consistency in the more classical dimensions of foreign policy, or the lack of credibility in the capacity to act attributed to the absence of defence capabilities. Such concerns are currently addressed in the larger debate on the future of Europe, either within the dedicated framework, the European Convention convened to design the future of the EU, or outside the Convention, both among politicians and academics. It is generally considered and accepted that Europe will gain in political influence once the unification of the continent is completed, i.e. the current enlargement objectives are achieved. It goes without saying that devising and making operational appropriate instruments and capacities to act coherently outside its borders are a necessity as well. Institutional guarantees that Europe could in the future continue to influence the course of events in world affairs are becoming imperative. This article will explore some of the proposals in that sense. It will also address the place for Romania as a future EU member state in the new architecture of Europe and its possible contribution to the Common Foreign and Security Policy.

1. The EU has already become an important actor on the international arena

Despite criticism it is safe to argue that while aiming to build on its own assets, in the new context of increased globalisation, Europe itself is an enduring example of how to achieve peace and prosperity trough integration based on the respect of democratic values. It is a success story it intents to bring forward to the world as a recipe for managing tensions generated by globalisation.

The starting point for integration in the broader area of external relations was the competence the Community acquired in the field of trade. From its inception the Community aimed to achieve a customs union and exclusivity for external trade. Today the Union has become the world largest trading bloc, with a share of 1/5 of all global exchanges. The impressive success is due mainly to the capacity of the Member States to make use of trade opportunities and of their comparative advantage. Yet, credit should be given also to the way the policy in this area has institutionally been organised and carried out.

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In conformity with the EC Treaty, the Commission enjoys exclusivity on this field, it negotiates (under a mandate by the Council) all external agreements concluded by the Community with third partners and controls their implementation. The solidarity of the Member States gives the necessary weight in bilateral or multilateral negotiations in which the EC is taking part. One particular example of this solidarity at work was the way that the Community conducted negotiations within the World Trade Organization (WTO), and indeed in the World Conference in Doha, when its contribution was determinant for the outcome. The EC has gradually become the key partner for many, and a key actor in framing and strengthening the rules of international trade.

The other example of an early role for the Community is the development co-operation. Historical ties of some Member States to countries in poorer regions, especially to Africa, evolved gradually into a full-fledged Community policy of co-operation for development. Successive agreements of Yaoundé, Lomé or more recently Cotonou have provided a legal framework for trade facilities, direct assistance, and transfer or rules.

EU is today the main assistance donor and the main trade partner for developing countries. Its development assistance budget amounts to over 6 billion Euro annually, including 1 billion Euro for emergency and humanitarian aid. Supplementary, the African, Caribbean and Pacific Groups of States countries receive assistance via the European Development Fund, constituted from direct financial contribution from Member states. More recently developing countries also qualify for loans from the European Investment Bank.

Particularly significant and important is the fact that the success of integration in the Western Europe seem to have become in time a possible model or source of inspiration for solving endemic problems, of poverty and continuous conflicts, in other parts of the world.

Co-operation with Europe has also been identified by many as a channel for integration into world trade. In implementing its strategy for promoting development, the Union has made use of the link between trade and development, thus adopting in 2001 the trade liberalisation initiative «Everything but Arms», which gives free access on the Community market of products from developing countries. The Union is also promoting fast-track accession for developing countries to WTO (particularly for the least developed ones) and to that end provides technical assistance and capacity building for those countries.

The paramount priority in the EU's action in favour of development is given to the fight against poverty, with particular emphasis on the political dimension on this endeavour, i.e. democratisation and human rights, including gender equality, good governance, conflict prevention and resolution and peace promotion. The social dimension and the preservation of environment are also at the core of the general concept of sustainable development. In this context, the Union is concerned by the possibilities for people in developing countries to access social services, such as health and education, the EU being a major contributor to the Global Found for AIDS and Health.

At the EU level, the loud challenge launched by the anti-globalisation protesters functioned as a catalyst for a process of clarification of the profile of the Union in this context and of the idea that the social and economic model that emerged

from the European integration was an essential part of the possible contribution that the EU could bring to the management of globalisation. This coincides with a political process of re-defining the European project, and of determining the direction the integration would take.

The impact of the 11th September 2001 translated also in a need to re-evaluate and re-dimension the policy of co-operation for development, in order to integrate new objectives such as the one of establishing bridges between civilisations. The same consideration applies to the Union's relations with areas that acquire a special geo-political significance in the new context (for instance the Central Asia).

Equal to itself, the Union is not using in this exercise of self re-considering the tools of a traditional realpolitik. In the context of globalisation, the EU proposes its own model of integration based on multiple-level interaction and therefore compromise, with various sources of legitimacy all considered when this compromise is searched for, and founded on a common *«socle des valeurs»*, with solidarity at its centre. In an inspired formula, the European Trade Commissioner Pascal Lamy, associated the Union with a *«laboratoire de la mondialisation maîtrisée»*[1].

The European recipe for managing the globalisation starts with trade liberalisation, contained by clear and transparent rules that do not prevent the developing countries to participate in the process, therefore promoting the inclusiveness.

Between protectionism and uncontrolled liberalisation, EU suggests a «third way», a positive approach, of promoting the sustainable development and defending collective values (including a departing move from the narrow market logic and consequently taking into account the public interest of ensuring the access to essential services, such as food safety and clean water, for all).

Another dimension of the EU pattern is the synergy between development and environment. The EU promotes the view that neither should become an obstacle for the other. The market logic should not impede upon the environment protection, nor should the environment constrains become unjustified trade barriers.

In a broader perspective, the Union is making use of a wide range of relations with third countries and regions. The logic of EU in organising its external interactions is centred on the prominence of the geographical proximity. Organically, the complex mixture of interests for different regions and of challenges raised by them has determined the Community to conclude a variety of types of bilateral or multilateral agreements with its counterparts: association agreements (particularly, European or Euromediterranean), association and stabilisation agreements (for Western Balkans), partnership and co-operation agreements (with Russia and other partners in Eastern Europe), classical association or co-operation, general or sectoral trade agreements etc.

These agreements could combine strict trade provisions with more evaluated possibilities for sectoral co-operation or even set-up institutional framework of political dialogue. A basic

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[1] Pascal LAMY - **L'Europe, laboratoire d'une globalisation maîtrisée** (*Le Soir*, Bruxelles, 7 septembre 2001)

component of the political dimension of relations consecrated in this multitude of agreements is the omnipresent human rights clause that enables the parties to suspend the execution of the agreement in a situation of non-respect of the human rights commitments.

As an illustration of promoting its own model in external relations, the EU approach favours the regional dialogue between Europe and other partners interested by the virtues of peaceful integration. The EU has therefore an already traditional dialogue and co-operation with South and Central America, and with Asia. The same logic is reproduced in the business the Union conducts with its Southern Mediterranean neighbours (that is the quest for security and prosperity), in the stabilisation of the Western Balkans or the Eastern Europe. The best example of a successful regional approach is by all means the policy promoted by the Union toward its immediate neighbours aiming to join it, the Central and Eastern Europe, Cyprus and Malta.

Last but not least, the Union's privileged relations with North America have found a comprehensive expression in the New Transatlantic Agenda and in the bi-annual institutionalised dialogue between heads of state and government from both shores of the Atlantic. An essential element of the external policy is the co-operation in multilateral fora. The international impact of the Union's policies is widely acknowledged. However, its status and representation in international organisation is less clear and complicated by a variety of reasons.

As such the EU does not enjoy an explicit legal personality, therefore residing normally on the representation via the European Community, when the latter exercise an exclusive or shared competence (as it is the case in the WTO), or in

specific bodies within the UN system (such as Food and Agriculture Organization). This presence could be as a full member as in the abovementioned cases, or with an observer status (in the UN General Assembly, ECOSOC, or other UN bodies).

Outside the global organisation, the Community is a full participant in the Organization for Economic Cooperation and Development, attends as an observer, via the Commission, the Council of Europe activities or the OSCE and participates in most of the activities of the G7/G8.

All the same, the Member States are bound by the Common and Security Policy rules to follow in the multilateral fora, positions determined jointly in advance within the EU framework, with the Presidency speaking in the name of the Union. As a political and regional group the EU has presented and defended many initiatives on behalf of the EU (significantly enough these positions are regularly backed by the candidate countries, thus forming a powerful and influential «regional bloc»). A further concertation obligation concerns the European members of the UN Security Council, they being expected to co-ordinate among themselves and to defend the EU interests. Similar behaviour is ensured within the IFI's.

The bulk of criticism over the lack of coherence and credibility of the EU foreign policy concerns mainly its inability to mobilise in the event of a crisis. The response given by Europe in early '90s to the Balkan emerging conflicts was a revealing factor for many shortcomings of the Maastricht's Common Foreign and Security Policy. Furthermore, the on-going conflict in the Middle East, with its entering into a more acute and bloody phase, underlined the weak influence of

the Union, despite the mobilisation of considerable financial and diplomatic means (especially of the intensive use of the High Representative presence in the region and of the office of the special envoy Moratinos). That being in case it is however fair to say that latest developments indicate an increased awareness of the need for improvement and determination to act more efficiently and rapidly as well. The decision to take over the police mission in Bosnia – Herzegovina and the willingness to also take over the mission in the Former Yugoslav Republic of Macedonia are just two examples in this respect.

Indeed there is increased awareness of a need for greater EU involvement in the world affairs, manifested from the inside, but equally from third actors that expect the Union to balance the present world order. For analysts and politicians alike it became clear also the fact that the weight of the EU in economic affairs and in the world trade should be matched by credible means to project its own agenda in political affairs.

The Union has proven the capacity to think and act differently in cases of disagreement with the only world superpower, the US, on issues such as the death penalty, the global warming, or more recently the International Criminal Court. There is a manifest need for the world to see that different paths are possible where individual interests have to and can be dealt with within a larger framework of global and other regional and individual interests. The fact that Europe speaks with a powerful voice while showing that it has the necessary means in order to make its declarations credible, clearly is bringing its

contribution to such a development. In other words it helps increasing the awareness that problems of multilateral/global dimension need multilateral/global solutions. As Nobel laureate Joseph Stiglits recently pointed out it would mean restoring a measure of multilateralism to the international scene [2].

The existence of transatlantic disagreements though, should not be misleading. The EU-US relations are as strong as ever, and both parties are committed to ensure a constructive dialogue, when needed. The traditional solidarity, founded on the attachment to shared basic values such as the human rights and the liberty, was strongly demonstrated in the aftermath of the 11th September and it will continue to be so.

The deficit of credibility (signalled not only from the exterior) is to be addressed both by a review of instruments and procedures and by ensuring the military and financial means to achieve jointly agreed objectives.

Security has been considered to be a part of the Common Foreign and Security Policy (CFSP) since its insertion in the Treaty on the European Union, at Maastricht. Following that, the Amsterdam Treaty made explicit the possibility of the Union to participate in a range of crisis management missions (the so-called Petersburg tasks). The interest of the Union for this field has been contained therefore by this crisis management approach and it did not involve the territorial defence. The issue of a common defence still divides the Member States since some are NATO allies, already having mutual assistance commitments, and others being attached to their neutrality.

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[2] William PFAF **- A Plea for a Greater European Role in Word Affairs**, *INTERNATIONAL HERALD TRIBUNE*, 18 JULY, 2002.

Against this landscape, the Union has pursued the objective to develop a Rapid Reaction Force for intervention in cases of crisis, with a headline goal of ensuring that such force is operational as soon as possible. The process of developing a European defence capacity is meant also to take full advantage of the NATO experience and assets and to avoid duplication and competition. Actually the development of a genuine European Security and Defense Policy has to be looked at within the larger framework of transatlantic links and as a contribution to better streamlining and increasing the efficiency and capacity of the democratic world to cope with the security challenges of today. That means inter alia that a division of labour could be contemplated based on complementarities and not at all on competition.

A strengthened defence identity for the EU is to be welcomed, since there is a clear need for Europe to address security threats, especially in neighbouring regions. The understanding of this imperative has been tested in the involvement of the EU in the stabilisation of the Balkans where a combination of military and police presence with reconstruction assistance and trade concession was used and brought encouraging results.

The Union is challenged also by an increased migratory pressure to its external borders. More and more people are knocking at the doors of Europe, with an increase number of them being smuggled into EU. A common response at those problems caused by illegal traffic of people, drugs or arms is also expected from the Union. An increased dialogue and co-operation with countries of origin and transit should complement a firm response consisting of tight external border control with a burden sharing among current and future Member States. In that respect, the Union is already contemplating to combine negative and positive measures in order to curve down the illegal migration. This concern is increasingly becoming a dominant theme for the external action of the Union.

2. Need to substantially strengthen EU's capacity of action: the enlargement's potential impact

A general preliminary conclusion in the debate on the future of Europe is that Europe should strengthen its capacity of action in the field of foreign policy, although the discussion on this issue in the Convention underlined a polarisation of views with a majority in favour of moving toward greater integration and a rather strong minority opposed to that. This polarisation is even greater in the case of the discussion on what should be done in the field of defence.

When reflecting on how to better benefit from acting collectively on the international stage and on what resources should be used to that end, one should address questions [3] such as:

- How to reinforce the coherence of views between member states on foreign affairs subjects, avoiding in the same time the least ambitious level o expectations?

- How can be the coherence between different objectives be ensured?

- To what extend could the Community method be extended to CFSP matters? Is it possible to envisage the use of Qualified Majority Voting (QMV)? Is there any scope for flexibility, when national position differ? Is there room to

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[3] Questions inspired by the debates in the Convention on the future of Europe

increase the role of the European Parliament or of the national parliaments?

- What are the lessons to be drawn from the experience of having a post of high representative? What are the compatibilities and the divergences with having in the same time a Commissioner for External Relations? Are there any institutional reforms to be contemplated inside the Commission for better managing the external affairs?

- Is it beneficial for the Union to extend its missions in the field of defence, beyond the Petersberg tasks?

- What arrangements could be evaluated for improving the external representation of the Union to third countries and international organisations? Could be possible to envisage a European diplomacy?

To answer such questions is certainly not an easy task. It requires deep reflection and effort. This is exactly one of the reasons for which the Convention was launched. From its debates so far some ideas have emerged which I fully subscribe to. At this stage I would limit myself to briefly comment on two of them.

First, on the possible impact on CFSP/ESDP of the enlargement of the EU. It is obvious that the enlargement of the EU will significantly consolidate its geopolitical weight. The voice of Europe will genuinely become the voice of one continent. The new members will bring with them as a valuable asset the experience, tradition and expertise they have in dealing with countries and regions that will become direct neighbours of the wider Europe. Of course, the enlargement will add to the influence of the Union, provided that

the tensions that manifest themselves already do not become centrifugal, and that the EU will ensure institutional guarantees for allowing both coherence of action and flexibility. The revision of objectives and policies should address issues such as how the common interests are best identified from the outset, therefore improving the capacity for analyse and planning. Here too the input of the new members will be particularly helpful.

That brings me to the **second** comment, namely on whether and how the present EU institutional framework and mechanisms respond to the challenges and, if needed, what should be done better or changed. A dynamic foreign policy implies the capacity to respond promptly to international developments, free of heavy legislative and financial constraints. The quest for increased flexibility could include examination of innovative ways to achieve consensus, such as for instance the constructive abstention. The ideas developed in last May Commission's communication "A Project for Europe" are particularly helpful in the efforts aimed at identifying the most appropriate actions, including in the field of CFSP/ESDP [4]. One thing seems however to be quite evident: there is a clear need for a well devised balance of competences among the EU institutions while keeping in mind that the guardian of the respect of the aquis communautaire is the Commission [5].

The current practice of co-ordination in the capitals of third countries and in international fora should be further pursued, and the possibility to joint representation or resource sharing should not be dismissed. Europe need a single «foreign minister», a one mouth to voice the commonly agreed positions, and further

[4] A Project for the European Union - Communication from the Commission, COM (2002) 247/FINAL 22 May 2002
[5] Bulletin quotidien de l'Europe, 17 juillet 2002

inside is needed before deciding if this is to belong to the Commission or to be in the intergovernmental realm, or a combination of the two.

Further development of the defence policy with the possible emergence of a European army if it achieves a sufficient level of support is to be matched by a consequent level of military capabilities guaranteed by significant budgetary engagement. Otherwise a European defence lacking resources would not be credible, a worrying perspective for the external dimension in general.

3. Where Romania fits in?

Romania places at the centre of the principles that should guide Europe in the future the principle of solidarity and of equality among Member States. As of today solidarity translates for us into political backing for the successful completion of the accession negotiations and increased technical and financial assistance to accompany the harmonisation.

From the perspective of Romania, as a future EU member state the effort of clarification undertaken by the Union is to be welcomed. Hence Romania's readiness and determination to bring all is possible contribution to the debate within and outside the European Convention on the role of the future Europe. That is valid for the area of CFSP/ESDP as well.

As already mentioned enlarging the Union is expected to bring about an increased capacity and expertise in dealing with regions that will physically be at the frontiers of Europe and beyond. Situated in the vicinity of the Eastern Europe and the Balkans which will become direct neighbours of the EU once the present enlargement will be accomplished, Romania is

already contributing and will do it all the more so when a EU Member to the efforts of the EU in projecting stability and prosperity in the adjacent regions, especially in the Balkans as well as in Caucasus and the Middle East. Romania is able and ready to contribute to the development of the Union as a global actor on the world stage.

Concrete examples in this sense are, inter alia, civilian and military presence both in Bosnia and in Kosovo, the participation with troops in Afghanistan in the fight against international terrorism. Such actions complement the most significant share of contribution to the European stability brought along by her own successful political transition, from a communist regime to democracy.

Being at the future Eastern border of the EU, Romania will have an important task in monitoring one of the most sensitive external borders of the Union, which will be confronted with a substantive migratory pressure. Romania has and important role to play in reaching the objective of setting up a common liberty, security and justice area within an enlarged European Union and it is committed to bring its full contribution in this respect notably in: stopping the influx of the illegal immigrants, combating organised crime, blocking the activities of the networks for trafficking drugs, human beings and arms. By developing its infrastructure and the sectors of the European networks on its territory Romania is becoming a bridge between Europe and neighbouring regions. Romania strategically placed in the West shores of the Black Sea can play a role in this respect, irradiating to our Eastern neighbours the most profound European values; reconnecting the Western Balkans to the European spirit, enhancing the European vocation of its Northern and Eastern and Eastern

neighbours by forming a bridge between Europe and the Caucasus [6].

Another dimension of the external profile of the Union, to which Romania is attaching particular importance, is the sustainable character of the development, and especially the imperative to consider constructively the social implications of the decisions taken by the EU. It is important that the transformations promoted succeed for the benefit of the citizens. A successful transformation is empty of any significance if it is to remain an abstract aim. That brings me to the issue of global solidarity and security, which also requires better responses to the negative effects of globalisation. The external actions of the Union need to become sustainable, which means the integration of its trade, development and security policies and providing a sustainable dimension to each one of them.

Finally, and as a thought on how Romania could best equip herself to be an important contributor to the promotion of the EU's CFSP, I think that full advantage should be taken of the enterprise of reforming, underway within the Union, by translating it into an increased effort towards reconsideration on the country's role as a future EU member. The basic point in this endeavour is to start thinking both at the level of political leadership and at that of the public opinion what Romania is to do as a genuine future decision-maker inside the EU with the responsibilities which are not only national but equally of the Union. It will mean for example that Romania would assume its future membership to a club of prosperous countries, therefore departing from self-evaluating herself as a developing country in need for foreign assistance

and preferential treatment. The benefits of EU membership will largely compensate for the loss of any other possible sources of aid.

In foreign policy, the perspective of membership also means increased solidarity with the Union on specific matters or positions. As in the case of any other European country, the interests and expectations of Romania would be better met by belonging to the EU, and therefore by having access to its assets, within the framework of genuine Co-responsibility fully shared by all Member States.

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[6] Adrian Năstase — Romania in the European Union and the Future of Europe, Speech at the European Policy Centre — Brussels, June 6, 2002

THE PROCESS OF ACCESSION TO THE EU - THE CASE OF ROMANIA

Enrico Grillo Pasquarelli*

ABSTRACT. This paper is the edited version of the speech given by Mr Enrico Grillo Pasquarelli at the European Institute of Romania on April 12, 2002. In his speech, Mr. Pasquarelli analyzes Romania's situation in the larger context of the EU enlargement. The main argument throughout the speech is that accession is not about negotiations and transposition of the legislation, but it is about preparations at home. The lack of proper implementation and enforcement of EU conform legislation may result in a paper-only exercise which will further weaken the administrative capacity, resulting in the end in the inability of the Romanian economy to withstand competition in the Single Market. Romania still has to make progress in a number of areas such as civil service reform, independence of judiciary, corruption, environment, and economic reform, including agriculture. Positive developments can be noticed as well, such as a greater civic and democratic maturity of the Romanian society, and progress towards macroeconomic stability.

It is an honour and a pleasure to be here today and it is a pleasure to see the European Institute of Romania up and running. The European Institute of Romania is the output of a PHARE project. Some time ago, the Romanian Government felt it needed a public and independent policy research centre, specialized in European affairs, very much like similar institutions that we have in the Member States or that exist outside the Union, like for instance in the United States, and the Commission agreed to support it.

But today and from now on, I do not want to consider the European Institute as a Phare project any more. The European Institute of Romania is a research and policy centre on its own right and it is at the service of the Romanian Government, academia, researchers, the press, the interested public, and Romania at large. It is networking, and we encourage it to network even more with similar institutions elsewhere in the European Union and in the world at large; it has its own programme of activities and events — and this is of course one — so I am proud and at the same time humbled to be here today before you.

The subject that I have chosen for this talk is "The process of accession - The case of Romania". There is a general part, 'the process of accession' — and note that I use the word *"accession"* and *not "accession negotiations"* (there is a difference which I will try to explain) - and one specific to this country - 'the case of Romania', because you as Romanians are legitimately interested in the case of your country in this big game that is the enlargement of the European Union. Given the place and given my functions as the Commission official responsible for relations with Romania — not negotiations with Romania, relations with Romania — this is going to be a difficult balancing act between Commission officialdom which I

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modestly represent and my personal views, to which I shall offer an opportunity to surface in a place like this, which is a research centre and a policy institute. So I will try and be diplomatic, but I will also try to be direct at times.

I would like to say a few words about enlargement as a dynamic process in the history of the European Union and what it means, in general and in particular in the course and the context of this enlargement. Enlargement is not just a mechanistic extension of borders, or an expanding coalition among states which are pursuing their own interests by an exchange of reciprocal advantages. It is one of the dimensions of a much wider historical phenomenon: the unification of Europe. I am using this terminology not to repeat the slogan which is always used when describing this particular enlargement, because the unification of Europe, the construction of Europe, the search for the right geographic dimension and the right institutional set-up for an entity capable to have a place in the world next to the then two superpowers is something that started over 50 years ago, right after World War II, when the Council of Europe was first established and when the Coal and Steel Community came out of the minds of the founding fathers of Europe. It is a fact, however, that all these events happened in a very specific geopolitical context you are all too well aware of, when the West of Europe thought that it had to brace itself against the danger of confrontation with the Soviet Union and the communist block that surrounded it. This process, which started with a profound political significance but essentially an economic content, progressed with growing dynamism, with further extensions, bringing further integration among its members with it. We have always lived with the

thesis/antithesis of deepening and enlarging, enlarging and deepening, but the synthesis has always been further integration. The 1973 accession of the UK, Denmark and Ireland, the 1981 accession of Greece, the 1986 accession of Spain and Portugal and the 1995 accession of Sweden, Finland and Austria, have all been seen before they took place as a risk for the Union, a risk of watering down the cohesion among the member states. But in the end, each of these accessions turned out to be a success, not just for the new member states, but also for the Union as a whole, because it brought a wider vision, a deepening of the sphere of action of the Union, and also a greater say for the Union in world affairs. The Union expands and attracts more members because it has been a success - Monsieur de Lapalisse could have said that. If the Union were not successful neither you nor any of the other candidates in the present round would want to join it.

This major historical process can only continue with an even stronger sense of political necessity and motivation to include the new democracies that have emerged following the collapse of the Soviet Union. This is a different geopolitical context, but in this different geopolitical context there is even a stronger need to unify Europe. Indeed, what is the challenge that we all face, individually and collectively? Once again, as I said before, we face the challenge of finding (and our goal is that of finding) the right geopolitical size and the right institutional set-up for Europe to be able to tackle successfully the challenges of globalisation. What are they? That of international competition in the first place, not just economic competition, but general competition in all fields of human endeavour. Another challenge to face is that of political and

economic security at home and in the world not only in military or security terms, even if the Union is now developing its own security capacity, but also as a response to societal threats or societal phenomena such as terrorism, migrations, the gap between the haves and the have-nots of this world. Political and economic security now is much more than what it used to be when NATO and the EU (or the then European Economic Community) confronted the Warsaw Pact and COMECON. The concept we have of political and economic security now is one which is adapted to a globalized world and which is globalized itself, because it covers the entire gamut of challenges that we have to our security. A third challenge of globalisation is that of sustainable development, which is the need to consider present resources as something that we have to borrow from future generations and the need to use resources today in a way that would allow our children and the children of our children to continue to benefit from those same resources and have even more of them.

More specifically, what is the meaning of this enlargement? It is perhaps pretentious of me to speak of this enlargement in a historical context, but I would like to go a little bit beyond the immediate interest of each individual candidate country or the member states of the Union as a whole. I would say that for the ten candidate countries of Central and Eastern Europe this enlargement is an experiment in state reform and modernisation. The countries of Central and Eastern Europe, coming out as they do of their troubled and difficult history, are going through a major process of reform. It is not just economic reform, but state reform. They are building new states and they are doing so at an incredibly fast pace. Don't be impatient! Things that you have

done in ten-twelve years have taken centuries in the history of nation states of Western Europe and they have taken decades for the European Union. And the European Union itself, in the 40 or 50 years of its existence has done more than what nation states of Europe - East and West - have done in centuries of existence. What the countries of Central and Eastern Europe have achieved in ten years is an enormous acceleration of history. While impatience is understandable, it is a danger. There is an Italian proverb which says *"La gatta frettolosa fa i gattini ciechi (cats in a hurry make blind kittens)"*. Don't make too many blind kittens in Romania!

As I said, this enlargement is an exercise in state reform. It is something that you have to do in any case, whether you want to join the European Union or not. But since you want to join it, you have decided – you have decided, you, Romania, you, Hungary, you, Bulgaria, and all the other candidate countries, not us – you have decided to accept as a model, as a blueprint for your reform, the way of doing things that has been developed by the member states of the European Union through fifty years of working together. This is what we call the *acquis communautaire*, which is not just those 80,000 pages of legislation that the European Institute of Romania is translating, but it is the way of doing things together and trusting each other that we have built on the basis of our founding treaties. This too is the *acquis communautaire* that you have chosen as the blueprint that you want to use for the reform of your state. Therefore you can use the target that you have set yourselves of accession to the EU as an extremely powerful catalyst to carry out the reform of the state that in any case Romania has to carry out. You see now why I said that I would speak about accession and

not negotiations for accession, because accession is a much wider process than just the negotiations. Accession is something that takes place in Bucharest, in Braşov, in Timişoara, in the 42 "judeţe" of Romania, not so much in Brussels. **Accession is preparations at home**. And I would take an example from the recent history of the country I come from. In the mid '90s, after the treaty of Maastricht had established the parameters for Economic and Monetary Union, Italy thought that it should get an exception, or that it could get a postponement because, objectively, the state of the Italian economy was not that promising in '95 –'96. Not only various external watchers and economically rigorous member states like the Netherlands or Germany really didn't believe that Italy could make it to Economic and Monetary Union, but the Italians themselves didn't believe it. I remember the newspaper that I use to read carried a weekly supplement which had a table showing, on the basis of the pace of development of the Italian economy and the pace of its working towards meeting the Maastricht criteria, the chances of making it: this table went up and down every week! So one day Mr. Prodi, who was then the Italian Prime Minister went to Spain on an official visit to meet the then Prime Minister of Spain who was already Mr. Aznar, and tried to convince him that Spain like Italy was not in such a brilliant situation and perhaps, if the two together applied in Brussels for a little derogation, a little postponement (a very Latin thing), perhaps they could get an extension for one year and still be able to jump on the EMU train in time for the Single Currency to be in place in Italy and Spain by 2002. And Aznar replied "No way, we are going to make it". That was a terrible shock for Italy and for the Italian Government, which then decided

to overhaul the entire economic policy of the country. This was accepted and understood by the Italian public opinion to the point that the economic sacrifices that Italy made were tremendous, we even had to pay a special tax which was labelled as a tax for Economic and Monetary Union, so strong was the desire to make it to EMU. The prospect of Economic and Monetary Union and the fear of being left out of it were a powerful catalyst that made it possible for Italy to catch up in two years what it had not been able to do in ten years. And Italy made it. This is an example that I offer to your consideration. You have, in any case, to make a certain number of economic, administrative, political, legal, societal reforms. You have chosen to make them on the basis of the *acquis communautaire*. Your objective and your timetable to get into the EU should act as a catalyst for you to make these reforms. It is not enough to set a timetable for accession without carrying out the necessary reforms, because I can assure you that the 15 Member States are not bound by the Romanian timetable and they will only accept it if, at the same time, they will consider that Romania is acting consistently with that timetable.

Having said all this about the meaning of enlargement in general and for Romania, you can really see how this process of enlargement and the ongoing debate on the future of Europe, which has its institutional *locus* with the Convention, where Romania, like all the other candidate countries, is represented, are intimately linked, and why Member States and candidate countries have to work together in the Convention. This would be the subject for another seminar but I would like to make a digression to tell you what I have heard from

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Jacques Delors at a conference, which I attended in Brussels in November 2000. I was really impressed by the description that he gave - or the dream, the vision that he has - of Europe after enlargement. To quote President Delors, he sees enlarged Europe as *"un espace de paix active, un laboratoire de la globalisation maîtrisée, et un espace de valeurs communes dans la diversité"*. What does this mean?

"Un espace de paix active" is an area of active, or even pro-active peace. Peace is not just the contrary of war. Peace is something we have to fight for every day. And Europe, enlarged Europe has a role in maintaining peace in the world, starting with its close neighbours; the past failures of Europe in the Balkans are a lesson that we hope Europe has learnt and that the same mistake will not be made again. *"Un espace de paix active"* is not only about trying to keep or enforce peace in the troubled spots of the world, but also about bringing peace by transforming European society and helping to transform societies elsewhere in the world through the promotion of justice, education, social and economic development.

"Un laboratoire de la globalisation maitrisée" is recognition of what the Union has already been able to achieve among its members – the single market, economic and monetary union, and many other policies that address global challenges and problems with a set of agreed rules that apply to all the members of the same family. It is also the recognition that the Union has a role to play working together with other partners to establish common rules to manage globalisation in international organizations, like the World Trade Organization, the International Labour Organization and the United Nations at large.

"Un espace de valeurs communes dans la diversité" - an area of common values while recognizing our diversities, refers to the fact that, while we come from different Member States, we all share the same future. We have to recognize our differences; we have to accept the relative value of concepts like majority and minority on the wider European scene. To use a formula that Mr Prodi borrowed from a Romanian parliamentarian when he came here in January 2000, Europe is a Europe of minorities, meaning by this that we do not recognise a majority or a dominant culture, we do not bow to a dominant state in Europe. We are all subject to the same law. The Romanian majority in Romania is a minority in Europe and the full value of each individual culture can only be appreciated if it is put in the context of our common values. We have to accept each other, we have to recognize the wrongs that we have done to each other with wars, divisions and separations; we have to stop considering our differences as elements that oppose us, and we have to consider them as something that enriches us and on which we can build a shared future. I must say I was profoundly impressed by this vision of Europe depicted by President Delors.

So, where does Romania stand in this grand design? I think that the best and most objective starting point is the Commission Regular Report for 2001. It is still very much up to date in terms of general impressions. Not that Romania hasn't moved forward since November 2001, when the Commission published its report. It has indeed, sometimes it has taken the right decisions, sometimes it has taken decisions on which we have something to say and you will read it in this year's Regular Report, but it has moved forward. This is not the place to comment on individual issues, but it may be useful to give you the general

spin, the message that we wanted to pass in the 2001 Regular Report. In a nutshell, how did we describe the situation? We said there was a new momentum in Romania in 2001 and a sense of direction, objectives had been clearly set, there was cohesion in government and greater consistency in its action. This assessment has nothing to do with political preferences or ideologies, as the EU is ideologically very tolerant and very open as long as the basic criteria of democracy and the rule of law are respected So, 2001 was a year when, perhaps after a slow start, progress was tangible, visible, important. And, at the end of 2001, the situation was better than at the end of 2000. But, as you have probably already heard, we also said that better does not necessarily mean good. And sometimes, excuse me, better is even less than good, because the distance to be covered between the present situation and the situation when you and the Union will be able to consider your country ready for accession is still long. But the movement is irreversible, not only for Romania but also on the Union side.

Indeed, as the Union has declared on several occasions, and lately at the Laeken European summit where ten countries have been mentioned for a possible first wave of accession in 2004, this accession process is unitary and inclusive. Countries that will not join in 2004 will not be left behind and mixed up with possible other waves of candidates that have not yet even applied. The EU recognises it has a duty to support Romania and Bulgaria, and whatever other country will not join in 2004, to make sure that they remain on the same train of this inclusive accession process. This, however, will also depend on Romania. Romania, like Bulgaria, has set itself 2007 as the date for accession; this is

a perfectly legitimate and sensible date, and therefore it would come as no surprise to Romania and Bulgaria if, at the Copenhagen European Council in December 2002, they will not be invited to join the Union in 2004. But it is clear that the Union will want to offer a perspective, perhaps a target date. Therefore the end of 2002 is important for Romania, as it is important for Poland and Hungary and Slovenia and all the other countries that might be invited to join. Because the message that the Union will give to Romania at the end of 2002 will depend on what Romania will have done this year and has been doing over the past few years. The more positive Romania's performance will be at the end of 2002, the more positive and the more forthcoming the Union will be in the message it will give to it. This is the idea of the roadmap and the new updated pre-accession strategy that the Union has committed itself to give Romania. This will not be like *'une Constitution octroyée de 1848'*. It is not something that comes from the sovereign as a concession, but it is something that has to be earned by Romania. Accession, once again, is what Romania does at home rather than the concessions that it gets from Brussels or from the Member States.

Where is progress necessary? To list what we consider to be Romania's weak points first on the basis of the 2001 Regular Report, you know that we have made very critical comments on civil service reform and the still unsatisfactory state of the economy in spite of the considerable progress that has been made on the road to macroeconomic stability. We still believe that, with the heavy presence of the state in the economy, Romania cannot yet be considered as a functioning market economy and its economic structures are still too weak for Romania to be

able to withstand the pressure of competition once internal borders are suppressed. We are concerned at the functioning of the judiciary and its insufficient independence from the government. We are concerned – I think as much as the Romanian public is concerned – at the high level of corruption throughout a very wide range of sectors in Romanian public life.

Sectorally, there are two policy areas which are very important in the Union and where we think that Romania has to make very considerable progress if it wants to meet the requirements of membership but also if it wants to play an active role as a member of the Union and draw all the benefits that membership entails. These are agriculture and the environment.

Agriculture is a major asset for Romania. But agriculture today in Romania is subsistence agriculture, which is a fact that is recognized by the Agriculture Ministry itself. Romanian agriculture, with the potential that it has, a potential similar to that of France, has to be turned into a sector producing for the market, feeding Romanians in the first place but also offering export opportunities to the Union and the world markets at very competitive prices.

In environment, we think that, while a lot has been done to understand and to transpose the Community *acquis*, major investments need to be carried out in order to bring your implementation standards up to the level of EU laws and practice on industrial pollution, water, waste water treatment, air, noise, waste disposal etc. We also consider that the administrative capacity of the institutions which have the responsibility to enforce environmental legislation, especially at the local and regional level, is still very weak.

Of course you can rely on the strong points, the assets of Romania, which we have also identified in the Regular Report. The first asset is your country's human resources. Romania, like all candidate countries, will bring considerable fresh and intelligent human resources to the Union. You have very good universities, academies, and schools. They just need a little bit of modernization and upgrading, more funds and a greater opening to the world (which, incidentally, is something we are contributing to by letting Romanians scientists, students and other relevant categories of citizens take part in Community programmes).

Another strong point that is worth noting is the progress towards greater civic and democratic maturity that Romanian society has been able to make over the last years. I am saying this with no intention whatsoever to oppose Member States to candidate countries. Every country has its own history and its own growing up process: in the European Union we have our jokes about national differences, and you can very well imagine the jokes that people make about the Italians or the Greeks or the Spaniards or the Latins in general as opposed to the Nordics and the Saxons, not to speak of the politically correct Scandinavians! Growing democratic and civic maturity in Romania can be seen in the greater attention that is given to excluded sectors of society like abandoned children, or in the legislative reform that has decriminalised homosexuality. What the Commission says about these individual issues is of course that progress is important *per se*, because it is important to take care of Romania's children, it is important not to discriminate against people, whatever their personal orientations are, but also that it has a wider implication because all these little – and big –

things are evidence of a growing level of democratic and social maturity, which is relevant for the fulfilment of the political criterion set at Copenhagen.

Progress is being made in the economy as well, the second criterion.. Inflation has gone down, not as much as Romanian housewives and businessmen would like, but it has indeed gone down, and the macroeconomic performance globally has improved.

Turning to the third criterion of Copenhagen, transposition of the *acquis* and the modernization of Romanian legislation have continued and picked up speed. There are quite a number of important examples of progress that can be mentioned in individual chapters like the free movement of goods, company law, competition, transport, and telecommunications.

If you have noticed, I have not yet spoken of the formal side of negotiations. Why so? Accession is not just about negotiations. Accession is much more than the Brussels-driven process of piling up documents, position papers on the Romanian side, EU common positions on our side. But it is a Bucharest-centred process of preparation and reform. What are the negotiations about, then? Somebody else before me has developed what I have taken to call "the iceberg theory." Accession is like an iceberg. The tip of the iceberg is the negotiations. But as the bulk of an iceberg is under water, so the bulk of accession is below the level of negotiations. It is what we call **preparations at home**. As a matter of fact, accession negotiations are not traditional negotiations such as for instance trade negotiations between two entities that start negotiation as separate bodies and also end negotiations as separate bodies, looking after their own specific and individual interests

throughout the process. These are negotiations where we begin with two parties and we end with one. These are negotiations that have a constitutional dimension because they involve amendments to our basic treaties. They are based on the principle that, if you want to join a club, you have to accept all the rules of that club. Accession does not create a different Union. It is a larger Union because membership is expanding, of course, and the territory and population of the Union are increased, but the rules remain the same. What we negotiate, then, is only that part of the *acquis* that cannot be taken over on the date of accession by the new member. Paradoxically, the most successful accession would then be the accession where there is nothing to negotiate, because all the *acquis* is applied on day one by the new Member State. This is impossible, or rather it has happened only once in the history of the Union, following the reunification of Germany. But otherwise, it is clearly impossible that the entire *acquis* can be applied from day one. What we are negotiating are therefore the transitional periods or technical adjustments that are necessary to take into account the different objective situations of Romania and of other candidate countries. To give some practical examples, we are negotiating the time it will take Romania and the other candidate countries to be able to apply the excise duties on tobacco and petrol as in the EU, the amount of time that Romania will need to bring its environmental legislation up to European standards on industrial pollution, the time it will take for Romania to change its Constitution to make it constitutionally possible for foreign Community citizens to acquire real estate in Romania and many more similar technical issues, but all or most with important economic and political implications.

There is of course an element of negotiation, because you start with a position, we start with another position, and in between we will find an arrangement. If you ask for a ten years' transition on something and if we are ready to concede two years, there are chances that we can agree on five years, that's the negotiation. But it is not a negotiation to change the acquis, the rules of the club remain the same. Once again, this shows how important preparation for accession, transposition of the acquis and the establishment of the implementation and enforcement capacities are. Negotiations, as I said, is the tip of the iceberg. Do not lose a sense of perspective, and do not think that the Member States and the Union will judge the final result of Romania's accession process - or the accession process of any other candidate country for that matter – on the outcome of negotiations alone. There is much more to it.

On what, then, will the judgment be based in the end? Once again, it will be based on the famous Copenhagen criteria: the political criterion, the economic criterion, the criterion related to taking over the *acquis communautaire*, and what that implies, that is the ability not only to transpose, but also to implement the *acquis*. This is what we call administrative capacity, which is a shortcut for a much more complex concept.

What fulfilling the political criterion means is obvious. It is essentially a political assessment that I would certainly not dare make here today, apart from repeating the clear statement in our Regular Report, which says that Romania does fulfil the political criterion. But, "nobody is perfect" and I think that all of you as individual Romanian citizens may bring a judgment on the degree of democracy that exists in Romania today. And you are also an active instrument to make this democracy work through your vote, your right to speak up and all your rights and obligations. Perhaps this is the place to quote Jean Monnet, the *"éminence grise"* behind the political founding fathers of the Coal and Steel Community, who said *"nous ne fédérons pas des états, nous unissons des peuples"* (we are not federating states, we are uniting people) – and to make a little digression from here. The Union is more than just a union of states. The law of the Union applies directly to all its citizens. And all the citizens of the Union have rights and obligations under that law, which are protected by the courts, the national courts and the Court of Justice in the end. There is something that is called European citizenship, which is not a substitute to Romanian citizenship, or Dutch citizenship, or Italian citizenship, or French citizenship. It is the recognition of the common rights and common obligations that we have wherever we are in the European Union, not just in our own home countries. It is the right for a Romanian doctor to practice medicine in Germany once Romania has joined, just like a German doctor, or the right for an Italian resident of Romania to vote for the mayor of Bucharest.

As to the economic criterion: what does it mean being a functioning market economy capable of withstanding competitive pressure in the internal market? It does not mean being rich. As the Union enlarged, especially in 1981 to Greece and in 1985 to Spain and Portugal, the Community grew poorer. Believe it or not, when Finland and Austria together with Sweden joined, they were going trough an economic downturn, so that their average GDP per capita was below the Community average and the Community grew actually poorer even as a result of the 1995

enlargement. Of course, real convergence, that is what we call economic and social cohesion is important, and the EU has major policies, of which Romania together with the other candidate countries once they become members, will be a major beneficiary, in order to try and achieve greater internal cohesion. Being a functioning market economy means having a clear set of rules governing the economy, stability of those rules, the role of the state limited to setting a level playing field and taking care of the social dimension of all economic decisions, recognition of free economic initiative, the promotion of economic success, but also the recognition of failure and the acceptance of failure, and non interference from the state when failure occurs, that is, do not keep alive industrial dinosaurs that only cause losses to the state. Do you know that SIDEX – of course you know – used to lose 1 million USD a day before it was privatised? And this million dollar a day was paid by the Romanian taxpayers.

Your economy must also be capable to withstand competition in the Single Market. This is where the economic criterion meets, in a way, the legislative criterion. Here I must say once again that I see a risk in accelerating accession, that of transforming accession in a paper-only exercise, with a lot of transposition, with all the laws prepared and in conformity with the EU acquis, but as you accelerate transposition without proper attention to reinforcing the institutions, training the civil servants and informing the citizens and economic operators, you increase the gap between transposition and the administrative capacity to implement the legislation that has been transposed. The end result of this may well be the inability of your economic sectors to withstand competition from

industrial and agricultural producers, providers of financial and other services, all those people that once the remaining borders between Romania and the European Union will have disappeared are only waiting to have a new market of 23 million people to which they are ready to offer their sophisticated and extremely competitive products. Unless one is well prepared, there is a very serious risk of not being able to withstand this kind of competition. This is why, on top of transposition and administrative capacity, it is important to consider what integration means in terms of economic consequences for Romania. I congratulate the European Institute in this respect, because it has launched a number of impact studies on the consequences of accession for various economic sectors and policies in Romania, and we are very much looking forward to reading the undoubtedly interesting papers that will be produced.

When I speak of administrative capacity, this is a shortcut for the good functioning of the state, and not just the central administration, but also local administration, and more generally civil society as well. We have scores of action plans that are being devised at all levels of the Romanian government and the Commission to prepare transposition, implementation and monitoring. Of course they need to be implemented but what really matters is that the right decisions are taken at the right time, after full consultation of the stakeholders, through transparent procedures and in full awareness of the consequences and implications. Unfortunately, it happens in Romania that legislation is adopted very often too much in haste, while we would like to see greater legal security and stability.

In the end, readiness and maturity for accession will be judged on the basis of the

economic criterion and the criterion which I have called administrative capacity but which is a shortcut for the good functioning of the state.

So, once again, take your time. Don't think that accession is a short mechanical process. I am sure that someone now will want to ask me: "But when do you think Romania will be ready for accession?", or: "When do you think Romania will join?". I understand that everybody wants to have a date, a figure, a number. But the answer I would give is not in terms of dates, it is about a process. What really matters is being prepared when the moment comes. Your preparation is what you decide to do, of course, but it is also supported by the Union with its assistance. The strength and depth of the relationship that already exists between Romania and the Union is unprecedented. We certainly did not have the same intensity of relationship with the candidate countries that joined in previous waves of accession. Think of the timeframe also: Spain and Portugal negotiated for 7 years. The EFTA countries, Austria, Sweden and Finland, negotiated for one year only, from spring 1993 to the beginning of 1994, but they started thinking about membership as early as 1987, and then they negotiated the EEA agreement which was a very long process. That process of "rapprochement" to the Union took 7 or 8 years, between 1987 and the beginning of 1995.

In the end, administrative capacity is a matter of trust. Membership of the Union is based on trust. The principle of mutual recognition has come more and more to the forefront of European law-making and policy-making, indeed of the Union's way of thinking. I accept your way of doing things because you accept my way of doing things; I accept that on your territory you treat liberal professions, goods, services that come from my Member State to yours because I trust that you will deal with them according to a law that we have established together, Community law, and that you will deal with them in a competent, transparent and efficient way. And you trust that I will do the same with your lawyers, your doctors, your services, your goods that come to my territory, because I will treat them in the same way as you treat them in your territory. Trust is what keeps us together, and trust has to be won every day, even among the present Member States.

In the end, the European Union (I would like to simplify things to the extreme) is all about peace and trust. Membership (it may sound indeed an anti-climax at the end of this long, much too long speech) is a nameplate and a microphone. There is of course more to it, and this is indeed a very cynical definition of membership. But it describes well the role of a Member State, of any Member State, old or new, irrespective of the number of votes it has in the Council of Ministers or in the European Parliament. Each Member State shares a common sovereignty. It contributes to setting the agenda of Europe, so that that agenda also takes account of the priorities and the concerns of that Member State. It shares a decision-making power and the same destiny as all the other Member States, but it also has a voice and a vote in shaping that destiny.

MOVING THE SIGNPOST: GOOD GOVERNANCE AND DEVELOPMENT IN THE CONTEXT OF PUBLIC ACCESS TO INFORMATION

Corneliu Bjola*

ABSTRACT[1]. *In both economic and political terms, Romania lags behind most of the CEE developing countries. This situation deteriorates on a constant basis and is largely accounted for by very poor governance practices. The solution proposed by this study consists of recommending the implementation of a reformist agenda of e-governance based on two pillars: robust development of public sector information and large-scale application of Information and Communication Technologies. In conceptual terms, this strategy is assumed to produce a gradual shift from the citizen-as-customer to the more participative citizen-as-shareholder model of governance. In concrete terms, the medium-term benefits of this policy are political (enhancing the democratization process, increasing political accountability, and improving the tattered government-citizen relationship), economic (combating corruption, creating a transparent and competitive economic environment, and speeding up standard administrative processes for citizens and business), and social (restoring public trust, rebuilding social capital, and increasing the transparency, quality and efficiency of public services).*

1. Introduction

The development of the information society is definitely one of the most important challenges that Central and Eastern European (CEE) countries must face in the near future. Concepts like *good governance, IT-enabled development strategy* and *public sector information* (PSI) have increasingly become interdependent and hence, critically relevant, especially in the economic and socio-political context featuring the developing efforts of the CEE countries. In short, *PSI is generally expected to become the future engine of political and economic development as well as the critical ingredient for any good governance practice*. However, weak institutional, legal and technological infrastructure, dearth of financial and human resources, bureaucratic resistance to change, as well as lack of leadership and strategic thinking constitute the main obstacles against the effective implementation of *PSI* in the CEE region.

By taking Romania as a case study, the objectives of the research project are the following:

• Examine the positions and action strategies of governmental bodies, EU institutions, and relevant civic interest groups with respect to the development of the Romanian *PSI, ICT* and *e*-governance sectors;

• Discuss the medium-term implications of these strategies for the perspectives of the

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Romanian economic and political development;

• Devise recommendations for *PSI* regulations for implementing a three-stage reformist agenda of *e*-governance based on two pillars: robust development of public sector information and large-scale application of Information and Communication Technologies.

2. General Description of the Issue:

The industrial-era model of government business is gradually coming to an end. Growing alienation of citizens vis-à-vis their political system, mediocre economic performances, and crumbling social bounds provide testimony against the piecemeal efforts to improve traditional governmental capacities of providing public services and collecting taxes. The rise of the "knowledge society" asks instead for the *reformulation of the very notion of governance*, according to which the traditional citizen-as-customer model must be replaced with the more participative citizen-as-shareholder concept[3]. Table 1 tackles comparatively the four major dimensions of governance across the two models:

The role of government in the digital era rests thus on its ability to *harness efficiently Information and Communication Technologies (ICT)* in three main domains[4]:

• Improving government processes: *e*-Administration (cutting process costs, managing process performance, making strategic connections in government, creating empowerment).

• Connecting citizens: *e*-Citizens and *e*-Services (talking with citizens, listening to citizens, improving public services).

• Building interactions with and within civil society: *e*-Society (working better with business, developing communities, building civil society partnerships).

While no receipt is universally applicable, a minimum set of recommendations for a successful implementation of ICT-enabled governance projects should pay attention to the local prospects of political and social stability, macro-economic conditions, supporting infrastructures, human resources, sustainability of

Table 1: Models of Governance

	Industrial Era	**Digital Era**
Democracy	Representative	Participatory
Citizens	Passive Consumers	Active partners
Politics	Broadcast, Mass, Polarized	One-to-One
States	National, Mono-cultural	Global, Local, Virtual, Multi-cultural

Source: A. Samuel, "**Governance in the Digital Economy: Beyond the Reinvention of Government,**" (May 1999), 5

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[3] Alexandra Samuel, "**Governance in the Digital Economy: Beyond the Reinvention of Government,**" Alliance for Converging Technologies (May 1999): http://www.actnet.com, 2.

[4] For more details see Richard Heeks, "**Understanding *e*-governance for development,**" University of Manchester: *Institute for Development Policy and Management*, Working Paper No. 11: 2001, http://www.man.ac.uk/idpm/idpm_dp.htm#ig, 4-14.

the projects, timescales, and the balance between the internally and the externally-driven e-governance initiatives[5]. Figure 1 presents an exploratory strategic framework for addressing the *e*-governance challenge.

key resource for good governance, sound business, economic growth, and social harmony.

The 1999 EU Green Paper highlighted several important contributions that public sector

Fig 1: Strategic Framework for *E*-Governance initiatives[6]

Participative notions of governance based on ICT strategies bring distinctly to the front *the issue of public sector information*. High levels of mismanagement, corruption and inefficiency have taken a great toll on the developing efforts of the transitional CEE countries and have thrown their public sectors into a deep crisis. Consequently, the new paradigm of public sector reform evolves now around five dimensions: increased efficiency, decentralization of the decision-making, increased accountability, improved resources management, and the use of market forces and partnerships with the private sector[7]. As a result, public sector information started to be more and more acknowledged as a

information can make in order to bring the Union closer to its citizens[8]. The launch of the *e*Europe initiative by the European Commission in December 1999 was the first concrete response taken at the European level to address the challenge of *e*-governance. In June 2000, the Feira European Council adopted a comprehensive *e*Europe Action Plan and called for its implementation before the end of 2002. The Action Plan was structured along three main lines:

• Objective 1 - A cheaper, faster, secure Internet;

• Objective 2 - Investing in people and skills (learning, working, and participating in the knowledge-based economy);

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[5] Richard Heeks, **"Building *e*-governance for development: A Framework for National and Donor Action,"** University of Manchester: *Institute for Development Policy and Management*, Working Paper No. 12: 2001, http://www.man.ac.uk/idpm/idpm_dp.htm#ig, 23-24.

[6] R. Heeks, **"Understanding *e*-governance for development"**, 23.

[7] Richard Heeks, **"Information Systems and Public Sector Accountability,"** University of Manchester: *Institute for Development Policy and Management*, Working Paper No. 1: 1998, http://www.man.ac.uk/idpm/idpm_dp.htm #isps_wp, 7.

[8] For more details see **"Green Paper on Public Sector Information in the Information Society,"** COM(98)585 (20 January 1999), http://europa.eu.int/comm/off/green/index_en.htm.

• Objective 3 - Stimulate the use of the Internet (*e*-commerce, *e*-government, health on-line, European digital content for global networks - *e*Content, intelligent transport systems).

In December 2000, the Council adopted a set of 23 indicators for benchmarking the *e*Europe Plan, each of them being further sub-divided into a number of operational indicators. For *e*-government, the basis for benchmarking was set by the following three indicators:

• Percentage of basic public services available online;

• Use of online public services by the public;

• Percentage of *e*-procurement carried out on-line.

Both of them were further operationalized on the basis of a list of 20 essential public services, 12 for citizens and 8 for businesses. A four-stage framework was devised to measure progress in bringing these services online: 1) posting of information online; 2) one-way interaction; 3) two-way interaction; and, 4) full online transactions including delivery and payment.

Equally important, at the European Ministerial Conference held in Warsaw on 11-12 May 2000, the CEE candidate countries to EU membership agreed to embrace the challenge raised by the EU-15 with eEurope and decided to launch an "*e*Europe-like Action Plan" *by and for* the candidate countries[9]. The initiative, named *e*Europe+, mirrored the priority objectives and targets of *e*Europe but provided for actions that

tackled the specific needs of the candidate countries. Therefore, besides the three main objectives of *e*Europe, the CEE version included one additional chapter aimed at accelerating the putting in place of the basic building blocks for Information Society (liberalization of the telecommunication' sector, transposition and implementation of the *acquis* relevant to the Information Society). The *e*Europe + initiative was followed by a call for an *e*Europe + Action Plan prepared by the candidate countries for the June 2001 Göteborg European Summit. Similar to *e*Europe, the *e*Europe+ Action Plan took aim at accelerating reform and modernization of the economies in the candidate countries, encouraging capacity and institution building, and improving the overall competitiveness[10].

3. Local background to the issue:

Ten years after the breakdown of the communist system, the process of democratic consolidation in Central and Eastern Europe (CEE) remains an ongoing task, save for a few noticeable exceptions such as Czech Republic, Hungary, Poland and Slovenia. Besides the much-debated economic and political legacies, the quality of the model of governance applied in each country has exerted a decisive influence on the political and economic performances of these countries. Romania provides a critical illustration of this case, but its situation can be easily extrapolated to other countries from the region (i.e., Bulgaria, Albania, Ukraine, or some of the former Yugoslav states). In general lines, the Romanian "model of governance" has been

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[9] **"*e*Europe+ A co-operative effort to Implement the Information Society in Europe,"** Draft Outline of the Action Plan prepared by the Candidate Countries for launch during the Göteborg European Summit 15-16 June 2001 (23 March 2001), http://www.mcti.ro, 1.

[10] Ibid., 1-2.

characterized by the following features:

- Highly centralized decision-making;
- Large governments and fragmented administration;
- Unclear coordination mechanisms;
- Strong reluctance to delegate authority;
- Slow, inefficient and non-transparent administrative structures;
- Weak institutional framework and poor inter-departmental communication;
- Politicized law-enforcement structures and judiciary;
- Overlapping administrative competences and responsibilities;
- Shortage of professional and stable civil servant bodies;
- Absence of feedback systems and channels of communication between society and the state.

Recent EU transfer of institutional expertise via the PHARE Institutional Building, TAIEX (Technical Assistance Information Exchange Office), and Twinning programs, as well as of financial assistance for infrastructure development (ISPA, SAPARD) has been basically intended to tackle the core of the governance problem and to move it on a more positive track. However, even in the most optimistic scenario (committed political reform, strong FDI flows, improved economic environment), the effects of the current pre-accession program will start to produce significant results only in the second half of the decade[11]. In addition, it remains questionable whether the present institutional framework can resist the pressure of a sudden import of EU assistance, without solid preparation.

4. Current Situation
A. State of play

The Romanian ICT sector has constituted the object of several governmental strategies since 1990, but the overall results have been rather modest. The first Romanian Strategic Planning for the informatization of the country was developed in 1992, with French and Danish governmental support, by the National Commission for Informatics (CNI) had started its activity a bit earlier in 1990, as a specialized governmental body. Subsequently, the Romanian Ministry of Research and Technology (MCT) supported the launch of the National Research and Higher Education Network (RNC), run by ICI, while the national R&D program in IT (CEDINF) took off based on the EU ESPRIT project (1991) and the subsequent EU Fifth Framework and the IST Programs. Since then, the Romanian government has regularly adopted various plans for assisting the transition towards the Information Society (1997, 1999, 2000, and 2001).

The decision of the Helsinki European Council to start accession negotiations with Romania stimulated a more applied approach of the *Romanian government* to the IS policy. The recently adopted *e*Europe + *2003 Action Plan* determined the Romanian government to accelerate the implementation and to extend the scope of the short-term IS objectives[12]. The first projects that were approved in view of opening

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[11] EU Directorate General for Economic and Financial Affairs, **"The economic impact of enlargement,"** *Enlargement Papers*, No. 4 (June 2001), 31, http://europa.eu.int/economy_finance.

[12] Romanian Government, **Report on the Progress in preparing the Accession to the European Union**: September 2000 – June 2001, (June 2001), http://www.mie.ro, 178-9.

public tender dealt with:

- Accelerating the introduction of computers and Internet access in schools;
- Introducing electronic information services for citizens – Info-kiosks;
- Building a development portal – Romania Gateway;
- Extending national networks for IT services;
- Extending the IT system for monitoring balance sheets and fiscal liabilities of companies with declaration capabilities on the Web;
- Stimulating Internet-based applications for *e*-government and *e*-business (videoconferences on the Web; electronic system for public procurement; web-based system for loading suppliers' invoices; cyber centers; virtual market; electronic referendum; B2B solution for customs services).
- Full liberalization of the telecom sector after January 1, 2003.
- Developing and upgrading the network infrastructure for data transmission and communications.

The agenda of the *Parliamentary Committee on Communications and IT* (PCCIT) overlaps only accidentally with that agreed in the *e*Europe 2003 + Action Plan. Falling prey to a traditional public culture of over-regulation, the PCCIT seems determined to flood the ICT sector with a laborious legislative package that lacks a coherent direction. While limited aspects of the *e*-signature, *e*-commerce, *e*-data protection, or anti *e*-fraud legislation are indeed necessary, the general tendency embraced by PCCIT is to duplicate legislation (such as the laws on *e*-documents, *e*-transactions, *e*-private currency, *e*-public attorney etc.) and to regulate excessively

the private sector while failing to provide the much-needed leadership for expanding ICT applications and services to the public sector. Moreover, lack of a similar committee in the second chamber of the Parliament and especially, marginal political interest among the PCCIT members has given the current president discretionary control over the agenda of the committee. Hence, most of the activity of PCCIT consists either in rubber-stamping governmental initiatives or in providing a lobbying platform for the IT private sector.

Although concentrated largely on fiscal and legal facilities, telecommunication liberalization, as well as on a stricter enforcement of the existing copyright regulations, the objectives of *the private sector* have become increasingly visible for the government. Inspired by the *e*Europe initiative, an "*e*Romania group" was formed in 2000 that included local representatives of IBM, Compaq, Microsoft, Hewlett-Packard as well as of Romanian companies. The group advanced a concise document outlining a set of principles and objectives necessary for creating the Romanian IS. The project was relatively well received by the government and included:

- financial and institutional support for the local software industry and for ICT imports;
- credit facilities for SMEs which offer IT services;
- promotion of electronic services among public institutions (plastic cards for payments, online banking services, electronic tax forms, online access to public information);
- legislative reform: *e*-signature and *e*-protection of personal data;
- liberalization of the telecom market;
- strong investments in the ICT

infrastructure;

- introduction of computer courses at all levels of education;
- creation of "technological parks" for the production of software.

The less fortunate situation featuring the Romanian economy has left a heavy imprint on the development stage of the Romanian IS. Recent estimates put basic data on *IT infrastructure* and *Internet availability* at very low levels[13]. The total Romanian Internet market is around 90,000 accounts, 30,000 being corporate and the rest private. 95 percent of private Internet subscriptions is formed of dial-up subscriptions, while business access takes place mainly through dial-up (73%), rented line (16%) and TV cable (4%). GSM Internet connections account for only 1% of total business Internet subscriptions. In terms of Internet access, only 9% of Romanians ever used the Internet, 44% from public places, 31% from the office, 13% from the universities (the Romanian Education

Network – RoEduNet – provides free Internet access to students) and 11% from home[14]. Despite a recent 50% discount for Internet access provided by the national operator RomTelecom, high telephone access fares represents the main obstacle to better Internet penetration, together with the relatively high prices of computers, and the low-to-moderate level of Internet literacy. This situation might change in the near future once full liberalization of the telecom market takes effect after January 2003 and the increasing competition in the computer hardware market will force prices to go down.

Leaving aside the commercial side, the most important *IT networks* belong to the academic and public administration sector. *The Romanian Education Network (RoEduNet)* was created in July 1993. It was conceived from the very beginning as an open structure, offering free

CEE Internet Users (per 100 inh.):

- Estonia: 26.3
- Poland: 13
- Czech Republic: 10
- Hungary: 6.5
- Bulgaria: 5.3
- Romania: 3.1
- Albania: 0.2

Source: ESIS II Report - Information Society Indicators in the CEEC countries 2001

CEE Internet Hosts:

- Poland: 183, 087
- Hungary: 113, 695
- Czech Republic: 112,748
- Romania: 46,574

Source: Romanian National R&D Computer Network, ESIS II Report 2001

access to the academic, scientific and cultural nonprofit institutions. After five years, the RoEduNet data communication infrastructure has succeeded in covering the entire national territory, as well as in connecting and offering services to more than 150 institutions. The structure remains open to all universities and

[13] National Association of Romanian ISP, RIPE, and IMT estimation 2000; for more details see **"Romania Master Report,"** (January 2001), http://europa.eu.int/ISPO/esis/default.htm, and **"Romania Development Gateway - e Readiness and Need Assessment,"** (2001).

[14] Ibid., 11-13.

non-profit scientific and cultural institutions. *The National Computer Network for Research (NCN)* started in 1993 as a PHARE program but later on the government, through the Ministry of Research and Technology, secured the financial support. NCN was created with the purpose of providing the scientific community with an instrument of access to data transfer services and connection to Internet at the lowest possible prices. At present, more than 90 R-D organizations, representing about 1300 individual stations, benefit of the NCN services. Other small-scale projects deal with setting up virtual libraries, providing children in orphanages and poor families with access to computers and to the Internet (the *Computer Clubs for Children* initiative), and supporting *e*-learning programs (i.e., iEARN network).

web-based conference systems, *e*-procurement and *e*-market applications). The modest levels of development and investment in the ICT infrastructure are especially reflected in the rate of *Internet penetration of public institutions* (see Graph 1). Obviously, these figures do not comment on the quality of the official information made available on-line, issue that will be discussed in the next section. However, it is probably important to stress that almost 85% of the effort to move a minimum of public information to the Internet has been basically carried out in the last three years.

The first stage of the *reform of the public sector* was initiated during the 1996-2000 administration and dealt primarily with legislative issues: the Civil Servant Law (188/99), Ministerial

Graph 1: Internet penetration rate of public institutions (%)
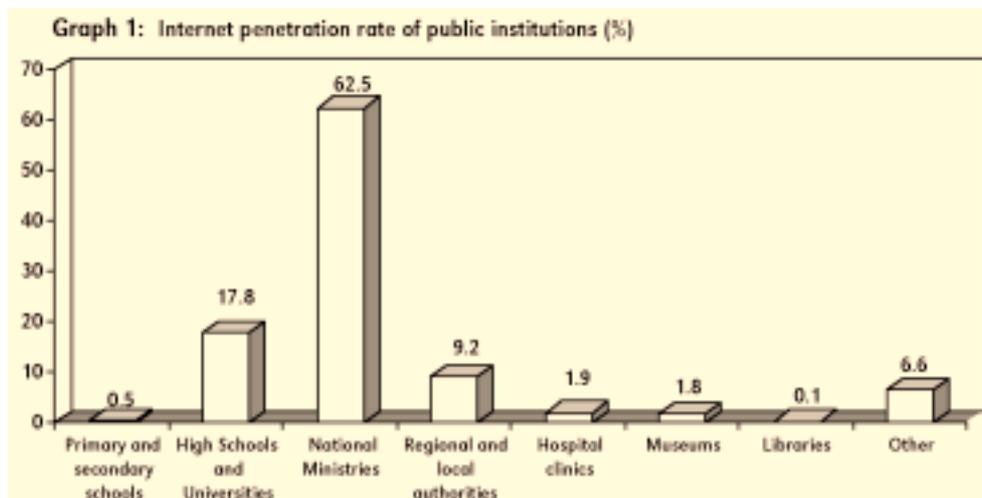
Drawing mainly on World Bank and EU pre-accession funds, the Romanian government is the main IT investor, financing large infrastructure projects such as the construction of networks in the field of healthcare, postal services and public administration, but also small scale projects in partnership with the private sector (info-kiosks,

accountability (155/99), Local public finances (189/1998), Prevention, disclosure and sanctioning of corruption (78/2000). Once the legislative framework established, the next stage should make sure it is applied properly. The last stage of reform should build on this foundation and move to fully integrate ICT in the public

administration. Although completed in March 2000, the feasibility study for the Data Communications Network for Public Administrations (NetPAd) lacks yet the necessary financial resources required for implementation. Hence, the network connection at the level of the central administration rests on several information systems belonging to various ministries (Public Finance, Industry and Resources, Internal Affairs, Labor and Social Solidarity, Health & Family) and governmental bodies (General Directory of Customs, National Commission of Statistics). There is no impressive local administration network, although certain steps have been taken by a few City (Bucharest, Sibiu, Braşov) and County Halls (Harghita, Bistriţa Năsăud, Constanţa) to provide basic public information on-line and develop more interactive G2C applications.

Another resource that might gain an important status in the near future is represented by the National Association of IT professionals from the Local Administration (NAITPLA) founded in October 2000 with the goal to increase public access to information by establishing an unitary information system in the public sector, as well as a national network of public administration in accordance with the national objectives and the EU standards[15]. Finally, the recently established Federation of Associations for IT&C seems determined to press forward with its own ICT agenda regardless the promises and intentions of the government. The

first step announced by the Federation is to create an extensive communication network $150,000 worth.

Political rhetoric notwithstanding, *public access to information* (PAI) remains a critical issue. From a legislative viewpoint, Art. 31 of the 1991 Romanian Constitution inscribed the right to information as a fundamental civic right, and assigned to the public authorities the obligation to provide accurate information on their activity to all citizens. These general constitutional provisions have been thereafter followed by several concrete but nevertheless weak PAI regulations concerning the activity of the Presidency (47/1994), Legislative Council (73/1993), Constitutional Court (47/1992), Local Administration (69/1991), Judiciary (92/1992) as well as by various sets of internal norms issued by the Romanian Government, the Chamber of Deputies and the Senate. While most of these institutions have set up by now Public Relations (PR) departments, none of them excels in providing high-quality and timely information to the public. A recent evaluation of the quality and reaction time of several central public institutions to public requests for information suggests that the state monopoly on public information has suffered only a moderate dent[16].

The good news is that two important pieces of FOI legislation have been recently drafted, debated, and adopted by the Parliament. The first piece regulates exactly *the access to public*

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[15] The Public Administration Information Systems Professionals Association, http://www.aniap.ro

[16] Ciprian Fartuşnic and Romaniţa E. Iordache, **"Liberalizarea Accesului la Informaţie: Comentarii şi propuneri pe marginea proiectului liberal privind liberul acces al cetăţenilor la informaţia publică,"** [**The Liberalization of the Access to Information: Comments and proposals regarding the citizens' free access to public information**] *Societatea Academică din România* Working Paper No. 20 (Martie 2001).

information and sets provisions for the conditions, sanctions, timeframe, and type of information that citizens and mass-media can request from public authorities and institutions[17]. The main criticism concerns the relatively limited scope of application of the law. PAI is basically conditioned on requesting public information that does not pertain to a loosely defined set of exemptions (i.e., national defense, public security, the economic and political interests of Romania etc.). Hence, the *law of classified information* becomes critically important for ensuring a fair and effective access to public information.

The second piece of legislation deals with *the Code for Information Technology Development and Use*, which establishes the legal guarantees for freedom of information and natural person data protection in an IT environment. The code applies to all members of the society and sets provisions for ensuring information freedom, data protection and security, and natural persons protection as to personal data processing. The application of the Code is managed by two governmental institutions: the State Secretariat for the Information Society is in charge with setting out, supervising, and evaluating IT strategies, as well as with coordinating their implementation. The Romanian Authority for Informatics checks on the lawful character of all personal data processing in the private and public sector.

The two pieces of legislation represent an important step forward in the direction of developing IS but they tackle only partially the core of the PSI and *e*-governance problem, which basically relates to *data accessibility* and *usefulness*. Pending the quality of the classified information law[18], the access to information law is intended to improve data availability, while the Code for IT Development and Use to prevent *e*-infringements of human rights. However, they do not address the issue of *e*-streamlining the public sector so that citizens can really benefit from the introduction of IT in the public administration. *As it stands now, public access to information refers only to making available a limited amount of information of questionable value*. In other words, it imports the shortcomings of the paper-based system but with little consideration for harnessing the full ICT potential in public administration namely, *consultation* and *active participation* of citizens in the public sphere. Table 2 provides an illustration to this point. With few exceptions, the websites of the main public institutions are simple PR instruments of little use for citizens.

The results presented in Table 2 make clear that neither public access to information, nor *e*-governance scores high as political priority. While most of public institutions surveyed in Table 2 have reached a moderate operational status in informative terms, none of them except for the Chamber of Deputies and MCTI is yet prepared to enter into the consultation phase.

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[17] Ministry of Public Information, *Law no 544 regarding access to public information*, (12 October 2001).

[18] The draft is still under review in the Chamber of Deputies after being returned as "unconstitutional" by the Constitutional Court; Art 16(2), 15 (e), 19, and 39 are widely considered by mass-media and civil society groups as anti-democratic and prone to abusive interpretation. Under this law, authorities enjoy basically unlimited discretion for withholding public information on grounds of state or professional secret.

Table 2: Web accessibility index of the main public institutions

Public institutions	Information[1]	Consultation[2]	Active participation[3]	Overall score
Government	2.75	1.37	1	Low (1.70)
Ministry of Local Administration	2.66	1.5	1	Low (1.72)
Minister of Public Information	2.16	1.5	1	Low (1.55)
The Ministry of Communications and IT	3.86	3.15	1	Moderate (2.67)
Chamber of Deputies	4.25	3.58	1	Moderate (2.94)
Senate	2.93	1.94	1	Low (1.95)
Presidency	2.43	1.5	1	Low (1.64)
People's Advocate	2.83	1.66	1	Low (1.83)
Constitutional Court	1.95	1.3	1	Low (1.41)
Bucharest City Hall	1.75	1.2	1	Low (1.31)

Assessment made by the author on the basis of the following criteria (1 – low; 5 – high):

[1] <u>Basic public interest info:</u> organizational structure, activity report, contact addresses, office hours; policy targets and guidelines; projects; Accessibility: site map layout, regular updating; archive; on-line databases; search engine/index, readability, retrieval time.

[2] <u>Feedback:</u> information and communication policies; *e*-mail feedback component; polls and surveys; project tracking; reaction time to requests for public information; newsletters.

[3] <u>Interactivity:</u> discussion forums; *e*-document transactions; focus groups and citizen panels; public procurement; on-line hearings.

The active participation stage remains out of reach for all of them, at least in the medium-term. Moreover, the adoption of the Law of Classified Information might aggravate even further the current situation since most of its provisions regarding the definitions of state and professional secrets cancel out the rights and terms of the Law regarding the access to public information. As a final observation, central institutions seem though to perform much better from an IT viewpoint than the local administrations, fact that highlights the digital divide growing fast between the capital and the regional and local bodies.

B. General evaluation

A cross-examination of the data presented in the previous three sections points to the *weakness of the ICT infrastructure* and to the *modest level of economic development* of the country as the two key factors accounting for the present embryonic status of the Romanian information society. An evaluation summary of the main indicators of the Romanian ICT infrastructure is shown in Table 3. Although most of the indicators are now in a critical position, the medium-term prospects for improvement are cautiously optimistic given the current upward economic trend, the expansion of IT network projects, as well as the new coordination role assumed by the EU in this field via the *e*Europe + 2003 Action Plan.

Besides these factors, two other important variables have had a decisive role in the failure to act decisively on the IS front: *the institutional framework* and *the policy context*. The first one

Table 3: Romanian ICT infrastructure indicators

	Current status	Medium-term prospects
Internet availability	2	3
Internet affordability	1.5	3
Internet penetration of public institutions	1.5	2.5
IT networks	1.5	3
IT spending	2	2.5

Assessment made by the author: 1 – low; 5 – high.

refers to the following issues:
- Exaggerate number of authorities involved
- Institutional instability
- Invisible leadership and strategic thinking
- Overlapping and/or unclear competence and responsibility boundaries
- No real strategy to bridge the communication gap between the various actors
- Inadaptability of the actors to reach constructive compromise on their agendas

As shown in the previous section, the number of actors involved in the field is quite large. Various ministers, governmental bodies, advisory committees, private institutions try legitimately to pursue their own interests which most of the time are neither clearly defined, nor stable, and hence rather difficult to compromise. Moreover, there is no stable institutional platform to accommodate their views, to define a common strategy, and to implement it firmly. The average lifetime of the institution assumed to coordinate these efforts (MCIT) is about two years, not mentioning the political cleansing of the civil servants after every general election or even governmental reshuffle. Frequent re-organizations affect negatively the efficiency of the respective institutions by blurring the lines of administrative and political responsibility and by shifting competence attributes.

The institutional structure established by the current Romanian government provides a good example to illustrate this point. The Minister of Communications and IT (MCTI) should be in principle responsible for the entire IS activity. However, most of the important programs are managed by other institutions: the connection of schools to Internet is run by the Education ministry (with support from the World Bank), the computerization of the Health care system is coordinated by the Health ministry and regional insurance agencies, the reform of the tax collection system is managed by the Finance ministry and the local governments[19]. Even the existing and the future governmental portal are not completely assigned to MCTI (the existing government website is supervised by the MPI, while the design and maintenance of the RDG portal will be coordinated by an association that is only slightly connected to MCTI).

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[19] UNDP – Romanian Academic Society. **Early Warning Report Romania**, No. 1 (2001), 33, http://www.undp.ro

One would expect then MCTI to be at least in charge with drafting the national IT strategy. Since 1992 this objective has been accomplished by a committee of the Romanian Academy of Science in cooperation with the Forum for the IS. The reorganization undertaken by MCTI in December 2000 put the Group for the Strategy for the New Economy and the Implementation of the Information Society in Romania (GSNEIIS) in charge with this task. Unfortunately, this move seems now to have been prompted by simple public relations (PR) considerations rather than serious policy rationale, since the level of expertise available to GSNEIIS is rather limited. Except for a single meeting that took place in April 2001, the activity of GSNEEIIS has been basically limited to translating into Romanian the *e*Europe + Action Plan and to concluding, within the framework of the Stability Pact, a rather irrelevant memorandum of digital cooperation with Albania, Greece, FRY Macedonia, Yugoslavia, and Cyprus. More serious projects, including the most promised long-term strategy for developing Information Society are definitely not in sight. Moreover, the future of GSNEIIS itself is rather uncertain since the State Secretariat for the IS established by "the Code for Information Technology Development and Use" is supposed to assume full responsibilities in this sector immediately after the adoption of the law.

The second important division of MCTI, the Information Technology Promotion Group (ITPG), has been slightly more productive. Except for speeding up the adoption of a set of legislative proposals left over by the previous administration, ITPG was able only to initiate a disputed tax-relief proposal for IT companies and to open public tender for 20 IT pilot projects.

Some of them are now under review for being expanded to the national level such as *e*-procurement, *e*-custom services, info Kiosk, cyber-center, *e*-job, web-conference, *e*-tax-payment, cash-flow management, and the national network of information services. Unfortunately, the *e*-governance value and efficiency of these projects can be hardly assessed since all technical criteria of performance and selection have been kept out of public scrutiny. However, in view of the existing offers on the private market, the web-conference and *e*-job projects have questionable value as governmentally driven initiatives. The *e*-tax initiative can make nice headlines in the papers but it can hardly stimulate any financial payments as long as the complementary *e*-banking component does not really exist. The *e*-referendum project fuels even stronger skepticism since it is presumed on the explicit use of a personal ID card that basically eliminates the secrecy of the voting intent. Last but not least, the timeframe and financial resources required for the implementation of these projects are specified in rather unclear terms, fact that raises serious doubts about the concrete contribution and prospects of success of these projects for fostering the developing of the Romanian Information Society.

In short, despite certain progress, the overall results achieved so far by MCTI are rather modest. It neglected to demarcate the IS competences among the various ministries and governmental bodies and hence, it failed to provide the necessary level of leadership for coordinating *e*-government and IS efforts at the national level. The internal reorganization undertaken by the ministry has proved so far unsuccessful in

generating the expected results. GSNEIIS has an uncertain status and its activity is below the critical level of efficiency and competence. ITPG seems to be the only MCTI body that functions in relatively good conditions. With a few exceptions, the initiatives and projects advanced by ITPG for fostering *e*-governance are on the right track, but the implementation stage is nevertheless open to question. In addition, these projects lack a clear and coherent direction, except for a vague and ad-hoc connection with the *e*Europe + Action Plan, the implementation of which lags nevertheless behind. Finally, the coordination and mediation role expected to take place between MCTI and the rest of IS actors has been reduced to a few conferences of limited interest, while critical issues about IT surveillance and digital divide have been not even addressed officially.

Institutional entanglement has been also facilitated by the gradual departure of the Ministry of Public Information (MPI) from its original objectives. Hence, instead of coordinating the efforts for ensuring better access to public information, MPI has been rendered into a simple PR governmental instrument, in charge with conducting political spin and image campaigns. Consequently, the leading activity of MPI consists of improving the approval rates of the Prime Minister, the government, and the ministers, most often by resorting to PR campaigns that are on the border of democratic legality[20]. Under these circumstances, the results achieved in terms of improving the access to public information in the last 15 months of activity are necessary sub-mediocre. The minister

advanced three legislative initiative in the field, two of them dealing with the Law of public access to information (LPAI) and the methodological norms required for its implementation, while the third outlining the "Conception regarding the territorial system of public information". As argued in the previous section, the current weaknesses and limits of LPAI are harshly amplified by the restrictive provisions of the Law of Classified Information to the extent that the access to public information is going to be limited to what the government and local authorities will deem "appropriate" for public knowledge. In view of the aggressive PR practices deployed currently by MPI, the envisaged territorial system of public information resembles rather an extended network of political control than a genuine instrument of public information.

The *policy context* has also exerted a negative influence on the evolution of the Romanian IS by way of the following set of factors:
- Fascination for sophisticated grand projects
- Uncritical submission to the technocratic myth
- Public preferences for over-regulation
- Persistent disregard of the design-reality gap
- Inability to build policy convergence and coherence
- Entrenched institutional culture of secrecy and lack of transparency

The cumulative negative effect of these tendencies simply adds up to the institutional weaknesses described above. The failure of all

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[20] Evenimentul Zilei. **Ministerul Dezinformării [The Ministry of Disinformation]**, (11 June 2001), available at http://www.evenimentulzilei.ro/politica/?news_id=35301

Romanian IT national strategies elaborated since 1991 to produce the expected results is largely accounted for by their poor design.

As shown in the third section, large-scale projects have been drawn up with little consideration for meeting them with the available financial and human resources (i.e., the NetPad communication network). IT technicians have been put into key decision-making positions (see GSNEIIS) although the strategic planning for developing the IS requires broader intellectual capacities, capable of understanding also the political, economic and social implications of the project. The perception of a "legislative vacuum" has unfortunately stimulated fervor for over-regulating a sector that usually thrives from deregulation (see the current efforts of the Parliamentary Committee on Communications and IT). Misconstrued governmental competences have led the authorities to embark on commercial tasks (web-conferences, *e*-job), or to defy democratic rights (privacy of the voting intent in case of *e*-referendum). Rigid planning may also prevent flexibility for on-the-ground implementation (i.e., *e*-tax payment system without a solid e-banking infrastructure support). Finally, competing interests, political priorities, and a paranoiac cult for secrecy proved too sharp to consent to better policy convergence,

coherence, and openness (see the case of the aggressive PR practices of the Ministry of Public Information at the expense of genuine public information activity, or the law of classified information that cancels PAI provisions).

In conclusion, the evolution of the Romanian PSI, ICT and *e*-governance sectors depends on four key factors: the general economic development of the country, the consolidation of the ICT infrastructure, the improvement of the institutional framework, and the adjustment of the policy context. Based on the arguments presented so far, this chapter concludes with an estimate of the negative impact of these four factors on the development of the three sectors. As shown in Table 4 the ICT infrastructure represents at present the key impediment, followed by the institutional framework and the policy context. In other words, reaching progress in developing Information Society is basically a matter of improved organizational skills and good expertise, not necessary an economic issue, although the ICT infrastructure may absorb serious financial resources.

Table 4: Impeding factors

	Public Sector Information	ICT	*E*-governance	
Economic development	2	5	3	Medium
ICT Infrastructure	5	5	5	High
Institutional framework	4	5	4	High
Policy context	4	5	4	High States

Assessment made by the author: 1 – low impact; 5 – high impact.

5. Policy recommendations

In view of the successful IS experience of countries like Canada, US, UK, Singapore, Norway or Estonia, it is safe to claim the reform objectives outlined in the previous section can be reached within a reasonable horizon of time (3-5 years) provided that the level of political support, capital of expert knowledge, and allocation of financial resources multiply by at least a factor of three from the existing levels over the next five years. In concrete terms, an integrated approach to the issue of developing the Romanian Information Society encompasses three closely connected stages:

A. Institutional restructuring and consolidation (3-9 months; see Fig. 2):

• Establishing a single executive umbrella organization, *the Information Society Action Group – ISAG*, for a minimum period of five years in order to ensure institutional stability and policy continuity, with the task to promote, coordinate and implement IS efforts at the national level; for reasons of efficiency and political transparency, ISAG must be directly accountable to the highest executive authority, the Prime-Minister, but should report its activity to the Parliament every year; by combining political, economic and technical expertise, ISAG should be ideally structured in five key departments in charge with the design and evaluation of projects on: the ICT infrastructure, Public Administration Reform, *e*-governance, Prevention of electronic surveillance, Containing digital divide; the implementation of these projects should be operated by public-private partnerships; the budget of ISAG should be fixed by law to a minimum of 1.5-2% of GDP (approx. $ 0.4– 0.7 billion) for the next 5 years.

• *Creation of a Steering Council (SC)* affiliated to ISAG, composed of the main representatives of the private sector, IT associations, public administration, NGOs and professional organizations; the role of SC is to serve ISAG as a transparent and non-politicized platform for accommodating the views of all actors involved, securing their participation in the process from the early phases, collecting proposals, actions measures and benchmark procedures, and stimulating public debate on the documents produced by ISAG; together with the specialized parliamentary committees, SC will oversee the activity of ISAG.

• Appointment by ISAG of *Chief Information Officers (CIO)* (or *e*-Envoys) in every important central public administration unit: Ministry of Public Administration, Public Information, Education, Health, Industry, Justice, European Integration, Parliament, Senate, Presidency, Ombudsman, etc. CIO should be made accountable to ISAG and be in charge with supervising the application of ISAG decisions, coordinate the implementation of information policies, evaluate progress every three months based on independent criteria agreed upon by SC, and provide feedback to ISAG.

Figure 2: IS institutional framework
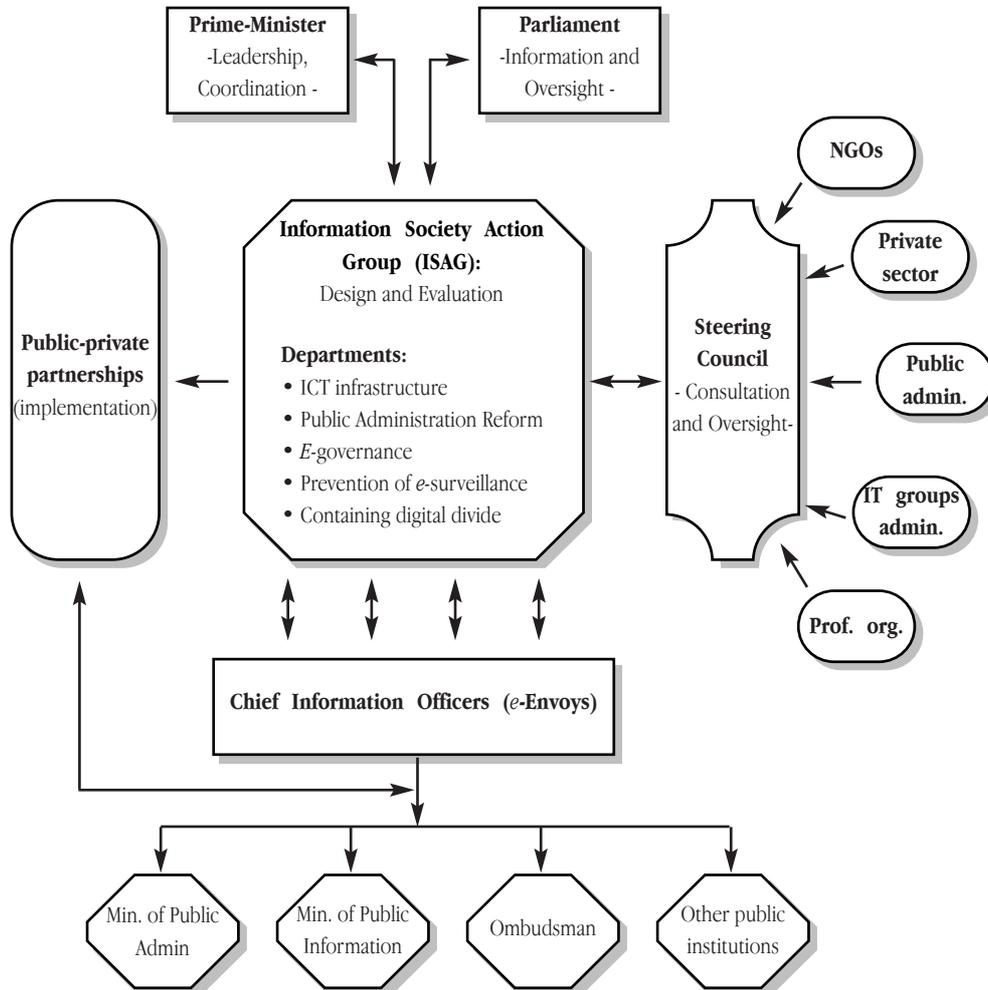
B.   Policy adjustment (12-36 months):
Acting upon the recommendation of SC, IASG must take the lead in reforming the policy context via the following set of measures:

• *Amending existing legislative shortcomings*: cancellation of the Draft Law of Classified Information and replacement with a democratically formulated Law of Military Secrets that must define in unequivocal terms a very limited class of non-public information; the new

law must eliminate the category of "professional secrets" and must state clear deadlines and procedures for declassification; the current law of access to public information must be amended in the same spirit, by expanding the category of public information to all state and governmental documents that do not fall within the provisions of the new version of the Law of Military Secrets (i.e., Art. 12 of the law should be rescinded completely except for subsections d and e); the

reform of the existing legislative framework of the public administration (the Civil Servant Law (188/99), Ministerial accountability (155/99), Local public finances (189/1998), Prevention, disclosure and sanctioning of corruption (78/2000)) should be also set high on the political agenda and be guided by the following five principles: depolitization, professionalization, efficiency, transparency, and public participation.

• *Consolidating the PSI and ICT legislative framework* (see Table 5): While taking great care to avoiding duplication and excessive regulation, ISAG and SC must nevertheless exert leadership in the field by advancing several key pieces of IS legislation. One direction of action is to streamline and consolidate the current regulatory system governing the PSI sector. This move implies an efficient institutional and legislative *e*-government framework, comprehensive electronic access to public information including to a prospective *e*-Archive of public information, as well as prompter and more complete delivery of public information via a Governmental Paperwork Elimination Act, eventually tailored, adapted and improved after the US model. A second direction is to build a self-sustainable system of dealing with the current and foreseeable limits of Romanian Information Society. In ideal terms this presupposes a multi-stage program of extension of broadband Internet access throughout the whole society, timely solutions to the issue of digital divide, and especially, diligent efforts toward the formation of a body of local expertise on IS related matters.

• *Introducing and enforcing a code of e-practice across the main units of public administration*. The code must set out a minimum number of principles to govern public

Table 5: Consolidated ICT and PSI legislative framework

Law	Objective	Target group
Act on Electronic government	Establishing the institutional and legislative framework for moving governmental services on-line	Central and local administration
Act on Electronic Access to Public Information	Improving transparency, consultation and active participation	Individual citizens, interest groups
Government Paperwork Elimination Act	Reducing red-tape, improving transparency	Public administration, individual citizens, interest groups
Act on establishing *e*-Archive of Public Information	Improving transparency	Individual citizens, interest groups
Act on addressing the issue of the digital divide	Preventing social and technological gaps, fostering active participation	Disadvantaged regions and communities
Broadband Internet Access Act	Developing the information infrastructure	Society
Internet Research and Development Act	Formation of a body of local expertise on IS related matters	Academia, private sector

policy projects:

- Be open to public hearings whenever possible; exceptions must be carefully justified.
- Avoid political insulation by including all relevant political views.
- Be citizen-oriented with the user in mind or as participant in the planning process;
- Include the public in evaluation exercises (i.e., via citizens' panels).
- Help build communities around *e*-services by delivering value-added content, stimulating interactivity, consultation, and active participation.
- Reach across the digital divide and provide affirmative outreach to citizens who might not have the necessary expertise or access to equipment.
- Give preference to public-private partnerships in the implementation phase.

C. ICT (12-48 months):

- Set out a multi-stage strategy of informatization of all major units of public administration.
- Complete the implementation of the Data Communications Network for Public Administrations (NetPad).
- Initiate full deregulation of the telecom system.
- Finalize the integration of the existing information networks: Public Finance, Industry and Resources, Internal Affairs, Labor and Social Solidarity, Health & Family, General Directory of Customs, National Commission of Statistics.
- Develop broadband connectivity (of minimum 2 megabits per second), facilities and services, eventually by using RoEduNet and the National Computer Network for Research (NCN) as starting points of a national-wide network ring.
- Create tax incentives for *e*-banking services.

- Apply national-wide standards of quality and assessment for portals and websites of public institutions.
- Expand the network of Internet public access points (libraries, museums, universities and info-kiosks).
- Set up a roadmap and timeframe for accomplishing the objectives stated in the *e*Europe + Action Plan.
- Create public databases of *e*-government applications and good practice examples to be further used by the local administration.
- Encourage dissemination of best practices in the field by setting up a semi-annual rating system of evaluation of all public sector websites;

To conclude, *e*-governance reform is not empty talk, but an absolute political, economic and social priority for Romania, unfortunately not well-acknowledged so far. Given the poor economic conditions of the country and the relatively unstable political and social context, *e*-governance reform based on robust development of PSI and large-scale application of ICT could provide a swift and sustainable solution to the torn relationship between development and governance experienced by Romania in the last decade. Certain efforts have been made in this direction, but with limited results. The aim of this research paper was to canvass the main sources of failure in achieving positive outcomes in this policy area, to examine the limits and pitfalls of information strategies and policies, and to propose accordingly a set of policy recommendations. The author expresses the hope the solutions advanced in this paper will be able at least to stimulate an informed debate among the concerned actors, as well as to make a meaningful analytical contribution to this emerging field of study.

THE FUTURE OF EUROPE CONVENTION: TRAVELING HOPEFULLY?

Kirsty Hughes*

ABSTRACT: *The future of Europe Convention is now three months into its task of finding answers to the challenges and questions of the Laeken declaration. The central issue for the Convention is whether it can find a route through the multitude of questions and create a strong consensus on substantive answers to the three big challenges of democratizing the EU, organizing the politics and policies of the enlarged EU, and developing the EU's voice in the world. The enlarged EU of 25 or more members has to be able to cope in both democratic and efficiency terms with the increased numbers of member states, and increased diversity in economic and political interests and circumstances. The status quo is not an option or the enlarged EU will rapidly find its decision-making and operational mechanisms seizing up - it will be a stalled and inefficient EU. The politics of the Convention are unfolding slowly and a myriad of political alignments are emerging. But some key differences are emerging already - particularly the traditional battle between intergovernmentalists and integrationists. The relative role and powers of the Council and Commission will be central in determining the nature of the future EU. Fundamental reform of both institutions is vital in both efficiency and democratic terms. One of the big risks is that energy is concentrated on the relative power of the two institutions and not on their effective reform. Proposals for a new, five-year, appointed President of the European Council go in this direction - they will not improve legitimacy and precisely duplicate the characteristics of the current Commission President. The paper identifies 5 scenarios for the future EU to summarize the potential outcomes of different sets of decisions by Convention and IGC:*

- *Emergent global political power;*
- *Struggling global power;*
- *Efficient but weak EU*
- *Efficient but unstable EU*
- *Technocratic, stalled and inefficient EU.*

1. Introduction

After the ambitious language of the Laeken Declaration, the hard work - and the political maneuvering - of the future of Europe Convention has begun. Laeken set three big challenges for the Convention - on the politics of the enlarged EU, on overcoming the democratic deficit, and on developing the EU's role in the world so that it could become both a stabilizing power and a model to others. But it followed up these strategic challenges, that are indeed vital questions for the contemporary Union, with a set

of over 50 more detailed questions, many of them highly institutional and technical.

One of the central issues for the Convention is whether it can find a route through this multitude of questions to forge a strong consensus on substantive and effective answers to these three big challenges. The politics of the Convention as it develops are being closely watched both to see whether it can reach a strong consensus, without which governments will once again have a free hand in the subsequent intergovernmental conference (IGC), and to see the nature of the policy and institutional solutions proposed, in particular, whether it will produce a constitution for the EU. But the process of the Convention itself, and not only its output, is of considerable importance: will its work and its debates have any genuine resonance in national political debates across Europe? Will its work be seen as relevant to, and engaged with, contemporary European political issues, ranging from the ongoing and developing challenges raised by September 11th, to issues of immigration, of internal security, of employment, of globalization? And will there be seen to be a genuine process of consultation and dialogue by the Convention?

The internal politics of the Convention are slowly unfolding, but it is too early to give any definitive answers to these questions. But whichever direction the Convention goes in, there is widespread agreement that it must move beyond the debacle of Nice, if the enlarged EU is to be a vital, dynamic and effective political body (and, of course, ratification of Nice still hangs on the outcome of the yet to be announced second Irish referendum). So the outcome of the Convention may be vital for the successful operation of the enlarged EU. Without a positive

outcome, the enlarged EU may rapidly find itself in a crisis situation (as some including Convention vice-chairman Jean-Luc Dehaene argue) or, more likely perhaps it may gradually start to seize up in its mechanisms and functioning - a gradual stasis. What is fundamental here is to identify and to unravel more clearly what the impact of enlargement is likely to be and where the crucial areas for change are. The process of the Convention itself adds to our knowledge here: there is a chance to see for the first time the political dynamics of the enlarged EU.

There is widespread agreement too on the need to tackle the democratic deficit - as Michel Barnier, Commission representative on the Convention, has said **'until now we have built Europe for the people but without them'**. But will the Convention be able to find new solutions to this problem? Or does it risk looking at solutions only in institutional and constitutional terms, and not in terms of participation, communication and the development of a European demos. Certainly, the rhetoric around the EU as a federation of nation states, which has found some favor in Convention debates, conceals for now some of the real institutional power battles over the relative role of the Commission and Council and of the larger and smaller countries. It is a concept which can mean all things to all people and in itself provides no new answers. One crucial question for the enlarged EU, to which the Convention should provide some answers, is whether it will be an EU dominated by the larger member states - at the very time when the number of smaller member states doubles - an outcome which is not likely to be politically stable or effective in the medium run.

Convention debates so far have also shown strong support in principle for the urgent need to build a much stronger common foreign policy - with many referring to the current Middle East crisis, and the EU's relative powerlessness to impact on events, as demonstrating the need for new steps forward. But the Convention will be challenged indeed to come up with a clear route ahead in this area that will be commensurate with the urgency of the current range of international problems, given national differences and the reluctance to pool sovereignty in these areas.

It is too early to predict success or failure - or the direction of the final outcomes - of the Convention. But it is possible to distinguish a number of models or scenarios (developed further in the conclusion) that may finally result from the twin processes of the Convention and IGC:

- *Emergent global political power;*
- *Struggling global power;*
- *Efficient but weak EU*
- *Efficient but unstable EU*
- *Technocratic, stalled and inefficient EU.*

This paper first assesses the political dynamics so far of the Convention and then analyses the key issues posed by the challenges of enlargement, of democracy and of becoming a genuine global actor (the paper does not look in detail at specific policy areas such as economic cooperation or justice and home affairs).

2. Politics of the Convention

At the time of writing (May 2002), the internal political dynamics of the Convention are still developing. It is too early to identify definitively where the main power center(s) will lie, or what the main divisions of opinion will be but some trends and groupings are emerging already.

One crucial area, where there appears to have been understanding and broad agreement from the start, is the need for the Convention to aim at a consensus document and to avoid a final report containing lists of options on all key issues (it is relevant to note that when Giscard d'Estaing made his opening speech to the Convention, it was this point that provoked sustained spontaneous applause from the floor of the Convention). A consensus outcome, in the context of a wider public debate around the Convention, will make it very difficult for member states to ignore or reject the principal conclusions in the subsequent 2004 IGC. It may be unlikely that a strong consensus can be gained on all major issues, but the aim will be to limit the number of cases where alternate points of view are present in the text (and to avoid any separate minority reports), although some are in favour of presenting options for selection by the IGC in some areas. However, even within the presidium it appears to be unclear for now what sort of final text will be produced – whether in the form of a new Treaty or a political document.

In general, member states would prefer to see more options in the conclusions rather than consensus, to increase their room for manoeuvre in the IGC - but a number appointed senior political figures as government representatives on the Convention, implicitly recognizing the potential power of the Convention's output. The UK initially talked emphatically about the need for a 'firebreak' between the Convention and the IGC, but then, in recognition of the potential power of the Convention appointed their Europe minister as government representative – as did France. Portugal too has also emphasized the need for the Convention to provide options.

Germany, in contrast, appears to be more ready for the Convention to play a significant role, even if also nervous of the potential loss of political initiative by the governments.

For the candidate countries, there appears to be less innate suspicion of the Convention vis-à-vis the IGC - not least, perhaps, because of the political opportunities it offers them. Of considerable political importance for the candidates is their participation in the Convention on an equal basis; and, while Laeken stated that the candidates could not prevent a consensus among the current 15 at the Convention, any final conclusion that divided the current members from the candidates would represent a failure of the process. The candidates' representatives have already demonstrated both political determination and effectiveness by successfully arguing for a candidate representative on the presidium (referred to by Giscard d'Estaing as a 'guest to the presidium') and for the possibility of using their own languages to address the convention (both points on which Giscard was reluctant to concede). The three candidates not in the group of 10 currently expected to accede in 2004, notably Turkey, are also treating the Convention as an important political opportunity to demonstrate their political seriousness about, and involvement in, the European integration process.

Political Alignments

Many different actual and potential groupings and alignments exist in the Convention. The relative role and power of the chairman, the secretariat, the presidium, and the ordinary Convention members represent one key aspect of the political dynamics that are developing. But other groupings have also emerged: government representatives are meeting as a group, as are the candidate members; the MEPs meet as a group but also organize meetings of the three main political groupings, open to other members of the Convention; and some members are meeting in national groupings. Beyond this other alignments of member states' government representatives, and of Convention members according to positions on key issues, can be expected - the UK, for example, has already announced its intention for its representative to co-operate with the Italian representative (an unlikely pairing of Hain with Fini). National MPs are also developing as a group with some shared interests, not least in their relative lack of contact with EU institutions.

How these different political dynamics develop will be fundamental in determining the nature of the final output of the Convention. Some are concerned that Giscard intends to dictate the key elements of the final document, working closely with the secretariat led by John Kerr (former head of the British foreign and Commonwealth office - proposed for the post by Pierre de Boissieu, deputy secretary-general of the Council), and in close consultation with key member states (not least to ensure that the heart of his proposals are then adopted by the member states, ensuring that the Convention - and Giscard - are seen as the designers of the future EU) . Others expect the presidium to play the key role, developing and putting forward proposals to the Convention as a whole. But so far there is little evidence that the presidium is developing into a cohesive political grouping, with some tensions between Giscard and the presidium. No minutes are published of the presidium discussions but it appears that in the first 3 months they have been more organizational than substantive, with

attempts now being made to move the meetings onto more substantive issues and to try to make the presidium more politically operational.

So far, the wider Convention also demonstrates a reluctance to give a clear leadership role to the presidium. Over 300 amendments were received from members of the Convention to the rules of procedure on the working methods of the Convention put forward by Giscard. Some members of the Convention, such as the British MEP Andrew Duff (vice president of the MEPs grouping on the Convention), are determined that power will remain with members of the Convention - Duff himself already having drafted some proposed new Treaty articles. Such political manoeuvring will continue, but success of the Convention will require the construction of a certain degree of trust between the wider Convention, the presidium and the secretariat. The Convention is clearly a highly political body and any simple top-down approach will not be effective.

In order to try to dissipate some of the fears of a top-down approach, the secretariat and presidium initially planned to have a 'listening phase' of the Convention through its first few months of operation to the summer of 2002, before moving to detailed issue papers and working groups in the autumn. But while such a listening phase is under way, a growing appreciation within the Convention both of the magnitude of the task and of the limitations of debate within the Convention as a whole, as a tool for going into detail on subjects, led by the start of May to the announcement of the establishment of six working groups (on subsidiarity, the charter of fundamental rights, the legal personality of the EU, EU competences, role of national parliaments, and economic and financial

cooperation). These groups should make short reports between September and November, with further groups to be created in the future (including on foreign affairs). Working groups will be composed of members of the Convention selected according to their expertise but also reflecting in each group the overall balance and composition of the Convention. Given their more detailed mandates, the working groups will become one more crucial political player in the process (it as yet unclear if the groups will meet in public). Complaints have also been made by Convention members to Giscard at his intention to use presidium members to chair all six first the working groups (by a group of Finnish, Austrian, Danish and Luxembourg members) – a further example of the ongoing manoeuvring for political advantage. As the Convention's work and political dynamics unfold and clarify, greater coherence is likely to develop in its debates, operating procedures and also in the main lines of division and difference. But in these early stages, all players are trying to understand the complex political dynamics and their key implications.

Substantive Views

In terms of balance of views within the Convention on the substance of institutional and policy change and development, it is relatively early for an in-depth assessment. In terms of general aims and issues, some broad areas of agreement are emerging in initial Convention debates - notably on issues such as the need to strengthen common foreign and security policy, to strengthen policies in the justice and home affairs area, to enhance economic policy coordination, to tackle issues around democratic legitimacy, and to promote clearer processes for the application of subsidiarity. Initial debates have

shown very little support for any repatriation of competences or for drawing up a precise list of competences. Clearer differences of view emerge in areas such as social policy and building a stronger social Europe. Although Giscard in his comments at the meeting on the 15th April suggested no-one was arguing to increase competences in the social domain, this seems to be contradicted by speeches calling for a stronger social Europe. But detailed debates on institutional changes, and on key issues such as the relative powers and role of the Council and Commission, have yet to take place.

Of course, the broad, and sometimes detailed, positions of the existing member states are mostly rather well-known. But particularly among the largest 4 member states, European policies are currently in a state of some flux and confusion. In Italy, the Berlusconi government has broken with the long Italian positions of strong integrationist support for the EU, but the outlines of what will be key new positions are unclear. In France, the elections, and the preceding period of cohabitation – together with France's weakening position in a wider EU, combine to give much less clarity than normal to its approach. Elections in Germany are similarly, if not to the same degree, blurring some of its policy lines, while in the UK the potential euro referendum in 2003 is colouring all its policies and statements.

The UK (as discussed further below) did move rather early in advance of the Convention in February to put forward new proposals suggesting the creation of an executive council within the Council. The UK is clearly hoping that it will have more support among member states for its more intergovernmentalist approach than in recent IGCs - in particular from Italy, Spain,

Sweden, Denmark and probably France.

Some of the UK's ideas were reflected in the paper from the Council secretariat to the Barcelona summit on Council reform. A further more detailed secretariat paper will go to the Seville Council. This underlines the existence of yet another political dynamic around the Convention - member states, and the Council secretariat, moving to see what Council reform can go ahead without Treaty reform, driven in part by the implicit threat that if they do not make decisions now the Convention may put forward alternative proposals. Although more substantive proposals and changes, such as reform of the presidency, require Treaty change, any agreement by the European Council on the desired direction and details of such reform could impact strongly on, and effectively pre-empt, the Convention. The European Council having given a mandate to the Convention, would effectively be trying to reclaim part of it.

Civil Society Relations

In one other area of its work, relations with civil society through the so-called Forum, the picture also looks mixed. Convention vice-chairman, Jean-Luc Dehaene has been given overall responsibility for relations with civil society. The Convention has set up a Forum web site for debate and for written contributions, which at various points the secretariat will aim summarise and synthesise. Various dialogues are also developing between Dehaene and other members of the presidium and different civil society groups and networks including networks of NGOs and networks of think tanks. Civil society hearings, and a youth Convention mirroring the actual Convention are planned for the June and July. Ecosoc - an observer at the Convention - has

also been charged with a role in facilitating these dialogues. Meanwhile Convention members are encouraged to support and develop national debates in their respective countries and to report back on developments. The Convention session at the end of June will focus on civil society and allow civil society representatives to address the convention and to organise meetings and discussions around the Convention meeting within the European Parliament.

The big questions here are three-fold: the extent of the debate, and the range of groups involved, across the member states and candidate countries; the extent to which this debate can be sufficiently structured so that clear messages and points of view come through, and, crucially, the extent to which the Convention is seen to be genuinely open to the wider civil debate that will surround its activities at least to some degree. The jury is still out on these questions but there are rumblings of discontent from some NGOs and it is questionable whether the Convention has either the political will or the resources, not least in its secretariat, to listen to and take on board this debate. Nonetheless, the June hearings and Convention meeting are an important step forward. The lack of representativeness of the Convention most notably in its pitiful proportion of women members is one further reason why an effective public debate is so important.

As discussed further below, the process of the Convention especially in its relation with the wider political and public debates is of considerable importance. If the process of public consultation and debate is seen as inadequate, just a process of tokenism, this may impact strongly and negatively on the wider reception of the final output of the Convention. If the output is seen to be a European constitution produced by an elite it may have an entirely contrary impact on legitimacy, and the development of the European political space, to that intended. Avoiding this outcome means reaching beyond organised civil society to the wider public.

Politics of the Convention – Summary of Key Issues

• Nature of the final document – constitutional treaty or political text. Consensus or division – and extent of options presented (member states prefer options);

• New political dynamics of the enlarged EU emerging – and political opportunity for Bulgaria, Romania and especially Turkey; candidate countries push successfully for representative on presidium and for use of own languages;

• Complexity of developing political alignments and groupings – relative positions and roles of the chair (Giscard), secretariat, presidium, Convention; range of groups meeting – governments' representatives, national MPs, MEPs, political parties, national groups, candidate countries etc;

• Presidium not yet developing identity as a political team;

• Top-down or bottom up approach – wider Convention has many suspicions of presidium and chair, some tensions evident;

• First working groups established – important political players;

• General support for strengthening common foreign and security policy and justice and home affairs, for enhancing economic policy coordination, and for strengthening democratic legitimacy – more differences on social Europe; little support for repatriation of competences or for lists of competences;

• Civil society relations – importance of wide-ranging debate around the Convention, with genuine access and input into the Convention – some criticisms and doubts from NGOs.

3. The Impact of Enlargement

The current timetable for enlargement, according to the EU road map, is for negotiations with the front runners to conclude by the end of 2002, with entry by early 2004 before the European parliamentary elections. At present, a 'big bang' enlargement of 10 new members is anticipated. But there are various hurdles still to clear. The detailed negotiations on the budgetary, agricultural and structural funds chapters will only take place in autumn 2002 - and could easily run beyond the end of year deadline. Cyprus is another potential stumbling block where if current negotiations for a political settlement on the island fail, the EU will have to take the final decision to admit Cyprus without such a settlement. Meanwhile, there is no firm indication yet whether and when Ireland will hold another referendum on the Nice Treaty, though it is anticipated for autumn 2002, and with no guarantee that the Irish will, on a second vote, deliver a positive answer.

If the Nice Treaty is not ratified, then there are essentially two routes forward: firstly to include the key elements of Nice for enlargement in each accession treaty, or secondly to postpone enlargement until the work of the Convention and 2004 IGC is completed. The latter solution would cause major political difficulties in relations between the EU and candidates, and impact strongly on political attitudes and debates within each candidate country. Some are concerned that the current rightward shift in EU politics in recent national elections might encourage a delay in

enlargement – this might be most likely to come to the fore, if major problems arise such as failure to ratify Nice.

Even if all the above hurdles are safely cleared, it is also not guaranteed that all the candidates will then get approval of their publics in referenda for accession. Nonetheless, despite these uncertainties, the most likely scenario at present is for an enlargement by up to ten countries by 2004 (with further candidates queuing up behind). This would also mean that the 2004 IGC would be held at 25 not at 15 (if the IGC started before all accession treaties were ratified, then candidates might initially participate as observers but becoming full members of the IGC before it concluded).

Coalitions and Large and Small Countries

The fundamental problem for the enlarged EU is how to manage the increased numbers and diversity that the Union will contain. Problems of efficiency and political interaction already exist at 15. But the new enlargement of the EU presages a major change in political dynamics, which may impact on all aspects of EU policy-making, policy instruments and institutional organization and behaviour. The political balances - and bargains - across different policy and institutional areas will change. The range and variety of alliance and coalition formation will increase considerably. Uncertainty and guesswork already characterize the political interaction at 15, but the uncertainty at 25 will increase further, impacting negatively on effective and coherent decision-making. There will be a rapid increase in knowledge of the new members' main policy positions, key interests and bargaining behaviour after enlargement (and before, not least through the dynamics of the

convention as well as through analysis of their policy positions and structural interests). But this increased knowledge will not fully compensate for the range of alliances and coalitions that will be feasible across all EU decision-making — not least when cross-bargains and deals in the current EU already make tracing the full details of coalitions and positions on any political or policy decision very difficult.

One of the key characteristics of the enlarged EU will be that it is essentially a small country EU - the number of 'bigs' will increase only from five to six (as Poland joins France, Germany, Italy, Spain, and the UK) while the number of 'smalls' will increase from 10 to 19. At the same time, the proportion of the EU's population represented by the 'bigs' will remain roughly stable at about two-thirds of the total. With the increase in number of the smaller countries, the importance of ensuring that the EU continues to respect the sovereignty and voice of all — and not simply of the large countries — is highly pertinent.

The enlarged EU is a small country EU: it needs to function in such a way that the smaller countries continue to have a genuine voice and input and continue to benefit from the pooling of sovereignty. But the risk is that the enlarged EU may become a big country EU. Certainly, there will be pressures, explicit and implicit, from some of the larger countries for more centralisation of EU leadership around them, and in some cases for an implicit directoire (at present the strongest tendencies in this direction are coming from the UK, not least with its proposals to strengthen the Council at the expense of the Commission - given the UK's normal ultra-sensitivity over EU centralisation, it is a little ironic to see its policies tending towards the aim of centralisation around the 'bigs').

Revisiting Nice and Majority Voting

The small country-large country dilemma is one reason, though not the only one, why revisiting the voting weights agreed at Nice would be desirable. Nice had various adverse effects on the voting system: it increased the weight of the larger countries and increased the threshold for a qualified majority vote. This reduces the influence of smaller countries without making it easier for the 'bigs' to get agreement — what it facilitates in various ways is blocking decision-making. With its 3 criteria for achieving a majority (reaching the qualified majority vote bar at 74% of the total, a majority of member states and at least 62% of the population) it also reduces transparency and simplicity, while increasing the ease and range of means of getting a blocking minority. Larger countries will find it easier to block, no-one will find it easier to reach decisions.

This counter-productive agreement needs to be scrutinized by the Convention and alternative ideas put forward (without underestimating the strength of the political power play and bargaining that got to the Nice agreement in the first place). The most obvious and simple alternative that the Convention could consider is the proposal for a simple double majority voting system. Based on a dual majority of population and of countries, the simple double majority system not only neatly balances the issues of size versus sovereignty but also has the considerable advantage of transparency and simplicity. Furthermore, since enlargement also raises the need to consider further extension of qualified majority voting, a voting system that is simple, balanced and easily understandable becomes ever more important. Without an extension of QMV, the EU risks blockage through national vetoes, but extension of QMV can impact on existing

problems of democratic inadequacy and distance of EU institutions. This also argues, therefore, for an extension of co-decision with the E.P. Consequently efficiency solutions and democratic solutions have to be considered in the light of their impact on each other and not separately.

Competences

This is also the case for other aspects of institutional change under discussion. Finding clearer and simpler processes for the application of subsidiarity and for the sharing of competences between the EU and the member states is needed in the current EU, but becomes yet more urgent in a system where each individual country will have a smaller voice in a larger total of voices and votes. Yet, as the Convention has already debated, the prospects for defining a clear list of competences are low, in particular since most competences are shared but also because competences evolve. So clarity and simplicity has to come through the procedures and definitions rather than through any lists. This is one area in particular, where new potential roles for national parliaments are being closely examined. The European Commission (Com (2002) 247) proposes an approach focusing on the intensity of application of the competence – whether, for example, an area of competence requires harmonisation or simply coordination – together with a rationalisation of the range of tools and approaches that can be used.

Since most competences are shared, but in a wide variety of different ways, the question of the nature or type of policy instruments available also becomes important in encouraging subsidiarity and proportionality. Enlargement can impact here too. Thus, for example, through the Lisbon process more emphasis has been put on the potential utility of so-called open coordination processes, particularly in areas that are important or sensitive for national sovereignty such as aspects of social policy. While the effectiveness and value of these open coordination processes is anyway open to doubt - with their mixture of exchange of best practice, peer pressure and in some cases common guidelines and recommendations – the increase in numbers that will come with enlargement may considerably complicate their functioning. Trying to agree 'soft' frameworks that will fit 25 countries will be more difficult, and the effectiveness of peer pressure on those 'laggards' furthest from meeting the guidelines may fall as the number and variety of laggards increases.

Changing Economic and Political Geography

Enlargement also brings with it a new political and economic geography of the EU as well as a new configuration and diversity of economic and social development levels. These changes raise a variety of questions for policy development.

The geographical expansion of the EU shifts both borders and the center of gravity of the EU sharply eastwards. From extended borders with Russia, through new borders with Ukraine down to the Balkans, plus the southern expansion to Cyprus and Malta, the EU has to contend in economic, political, diplomatic and security terms with a range of new neighbours. Even after a 'big bang' enlargement it also still has 3 remaining current candidates – Bulgaria, Romania and Turkey, with others, such as Croatia, likely to join the list soon. The new member states already have a range of links and interactions and political and policy views on relations with the new neighbours. These policy views of the new

member states are not identical with those of existing EU member states - just as those current EU member states that border the candidate countries have tended to have both stronger political and economic interests in enlargement, as well as in some cases stronger concerns over issues such as labour migration.

This new shape of the enlarged EU will impact on policy debate and development in a range of areas from foreign policy, to immigration policies, internal security, and trade and investment links. Whatever role the EU succeeds in developing in global foreign policy, after enlargement the EU will directly face considerable responsibilities and policy questions in its role as a regional economic and political power. Current debates within Europe over internal security and terrorism on the one hand and over immigration, and the focus of the extreme right on immigration, on the other hand raise the possibility of the EU moving towards a more defensive, 'fortress Europe' approach. But political and economic needs and pressures point in the other direction towards a well-managed set of economic, political and security relations across the new EU borders - in a way that should be, though may not be, complementary to the enlargement and development of NATO's relations with countries beyond the EU.

Developing EU policy positions and approaches to manage these relations successfully will require, especially in justice and home affairs, stronger and more coherent EU policies and competences (such as in the proposal for a common EU border guard). The Convention so far has not addressed these issues in any detail but has recognised in its debates the importance of moving forward in the justice and home affairs area as well as in CFSP. Further

proposals on policy competences and instruments in this area will be particularly important. But the Convention is not working in a static environment – this is an area of major current political activity for the EU and so the goalposts are shifting.

The enlarged EU will also have a much wider diversity in levels of economic development. This not only points towards the need for a redefinition and development of structural and cohesion policy, together with a new balance of interests around the structural funds, and the CAP, it also indicates a new pattern of views on economic and social policy development. The candidate countries cannot be treated in any sense as a group here: just as with the existing member states, there are a range of views on economic policy, liberalisation, and the role of European social policy. From their experiences of transition, many have moved quite far in terms of liberalisation. But there are a range of interests - business, union, NGO etc - in each country, together with a range of public and popular views, which will impact on the positions taken by the new member states once they join and which will relate, in part, to the level of economic development and the speed and extent of convergence. While Estonia, for example, may be positioned fairly closely to member states like the UK in terms of attitudes to liberalisation and free market approaches, other candidates will have views and policy approaches that may take them closer to a position similar to Germany, others to France, to Portugal etc. And these positions will vary by policy area - many expect Poland to share interests with Spain after accession, particularly with respect to the structural funds and agriculture, but in other areas of economic policy and liberalisation, it may end up positioned

somewhere between the UK and Germany.

With the current enlargement timetable, the EU will also have to face up to this range of views as it agrees its post-2006 budget. In terms of budget debates, the EU will face a new North-South-East triangle which will expand the traditional dynamics of the budget debates, from the fundamental split between net contributors and net recipients, particularly the current cohesion four, to the new net recipients of Central and Eastern Europe - who may or not find ways to make common cause with the current net recipients. In 2006, a full-scale review of the CAP is also due, where a range of new alliances may be anticipated, not least between France and Poland.

The Convention does not have the future budget as part of its tasks. But its debates around economic and social policy competences and the need, or otherwise, for greater economic policy coordination in the EU will highlight and provide more information on the economic policy positions and potential alliances in the enlarged EU. More importantly perhaps, while it is not the job of the Convention to design a new structural and regional policy, it is open to the Convention to make some clear statements about the need for solidarity and cohesion in the enlarged EU and the key values as well as competences needed at EU level to encourage and underpin such solidarity. While it may be relatively easy to get broad support for the general principle of solidarity, unpacking the concept into general policies and competences could prove controversial.

Candidates' common interests in the Convention

As the above discussion makes clear, while there is no reason to expect common positions across the board from the candidates either in the Convention or subsequently as a new member states, there is also likely to be a number of policy areas, such as the budget and the structural funds, where considerable commonality may be found, particularly amongst the candidate countries of Central and Eastern Europe. It is too early in the Convention debates to identify the extent of commonality but there are a number of broad issues and areas where potential similarities of view can be identified a priori.

In terms of the original motivations for the candidate countries to join the EU, political motivations have been central. There is a strong understanding of the EU, and of membership of the EU, as having fundamental political drivers and implications. In this sense, the candidates are very similar to Spain, Portugal and Greece, who while standing to gain economically from joining the EU, also saw the political importance of being full members of the EU not least in underpinning their own democratic development. This is then a very different enlargement to the more economically driven motivations behind the accession of countries such as the UK, Denmark and Sweden. The candidates have an interest in a strong political Europe, and not simply in an economic association.

Given the experiences in the candidate countries of central and eastern Europe of political transition and the establishment of democracy - and to reinforce those structures - they also have an interest in a clear articulation of democratic processes and decision-making in the EU, and not in the establishment of a directoire approach (not least since most are smaller countries). This does not mean all the candidates will support a strongly integrationist or federalist approach - and a range of views can be seen to be

emerging here, with Hungary perhaps as one of the more integrationist minded, and Estonia at the other end of the spectrum. But it does mean a general interest in effective political integration in areas where pooling sovereignty is a positive-sum game - and a relative absence of the deep suspicion of integration in some existing EU member states notably Denmark, Sweden and the UK. Their experience of the Cold War and of superpower politics may also cut in different directions – leading, on the one hand, to an appreciation of the importance of having a strong political voice at European level but, on the other hand, to an emphasis on the importance of effective democratic processes for controlling that political voice and maintaining the role of national sovereignty. Candidate country members of the Convention have spoken out clearly in favour of a stronger foreign policy.

Given the political motivations for accession and the experiences of political transition since 1989, together with the evidence of the ongoing negotiations, it is also clear that the candidates will avoid and oppose any institutional and policy developments that will involve placing them in any 'second-class member' status - whether as new members or as smaller countries. This will impact on a range of positions (although in exactly what form has yet to be seen) such as on the role of the Council and the Commission, or on economic policy coordination in the context of the euro. On the latter, the Commission has proposed the formalisation of the role of the eurogroup – a development which could have many further implications for differential policy formulation within and outside of the eurogroup, and which the candidates will view with concern.

As mostly smaller countries, the candidates may - like most of the current smaller EU member states - support a strong role for the Commission as being in their interests; nonetheless, their determination to avoid anything that looks like second-class status, may imply a reluctance to see a smaller Commission even though a Commission of 25 or more members will be weaker. They will have to face up at some point to this fundamental contradiction. Equally, they may be suspicious of any Council reforms, particularly to the Presidency, that may weaken their participation.

The candidates' experiences of democratic transition, and the relative newness to them of EU structures, may also make them more open to - and more likely to come forward with - more radical proposals and solutions for democratising and opening up the EU including in terms of transparency, simplicity, participation and legitimacy. Their fresh experience of redesigning and re-establishing political systems should also mean that the idea of building a European constitution or constitutional text is seen as a positive and necessary approach rather than in any way threatening. Finally, while a range of attitudes to economic and social policy are clearly visible in the candidates' current national policies, considerable consensus can be expected on positive solidarity and cohesion policies.

In summary, areas of likely common interest or consensus among the candidates include the following:

- A strong political Europe and not just an economic Europe
- Making the EU a strong regional actor and a stronger global actor
- Clearer articulation of democratic processes and decision-making, strong measures to improve transparency, participation and legitimacy
- Support for establishing a European constitutional text

• Positive approach to the potential benefits in key areas from pooling sovereignty and further integration

• Opposition to a directoire approach

• Opposition to a two-speed Europe

• Support for solidarity and cohesion policies

• Support for the Commission but support for a large Commission.

Enlargement – Summary of Key Issues

• Increased numbers and diversity – democratic and efficiency challenges; greater range and variety of potential alliances and coalitions increasing uncertainty;

• Enlarged EU is a small country EU (19 smalls to 6 bigs at 25) but risks being run as a big country EU;

• Revisit Nice voting weights – double-majority voting as the solution;

• Extend QMV and co-decision for improved efficiency and democracy;

• Clarify allocation of competences and application of subsidiarity – new processes not lists;

• Effectiveness of some instruments may change with greater numbers – open coordination processes may become weaker;

• Changing economic and political geography – implications for many policies; EU needs to be a regional power; new emphasis on solidarity and cohesion needed;

• Candidates have some common interests in the Convention – including support for a politically strong EU, EU as a regional power, opposition to a directoire approach and to a two-speed EU.

4. The Democratic Problem

The EU faces a number of serious inadequacies in its democratic functioning - these inadequacies exist both in its structures and in its operations. As the Laeken declaration said "the Union needs to become more democratic, more transparent and more efficient"; it went on to emphasize the need to bring its citizens "closer to the European design and institutions". Many of the democratic inadequacies are difficult to resolve in their entirety, precisely because of the unique nature of the EU construction and the fact that the EU is not a state and it has no government. Relatedly, there is no pan-European public or demos and no European political space comparable to national political arenas and debates.

Consequently, even the European Parliament - in structural terms, the most democratic of the EU institutions - faces legitimacy problems, not only related to issues around levels of turnout in parliamentary elections, but particularly related to lack of visibility, knowledge and awareness among EU citizens. For the Council and Commission the difficulties are greater. The Council is democratic in the sense that any intergovernmental body (of democracies) is democratic - it is composed of ministerial representatives of currently elected governments. But the Council as a whole is not elected as a pan-European body and it does not begin to resemble a representative EU government. Furthermore, while it shares many legislative powers with the European Parliament, it is not fully accountable to that body and currently exercises those powers in private together with its executive powers, while national parliaments can only hold individual national members of Council to account and not the whole Council.

The Commission with its own executive powers and right of initiative faces particular problems in that its members are all appointed not elected (even if many were previously national politicians); but, unlike the Council, it is in a position to take a pan-European view, at least in theory independent of national interests. The EP exercises some important scrutiny and accountability powers over the Commission but, overall, issues remain both of the political accountability and representativeness of Commissioners and, relatedly, of their political control over the bureaucracy.

These democratic inadequacies exist independently of the enlargement of the EU. But through the increase in number of member states, enlargement risks increasing the public perception of distance from, and loss of control of, EU institutions: pooling sovereignty at 6 is clearly not the same as pooling sovereignty at 25 or more. There is also an important link between the health and vitality of democratic processes in the member states and those at EU level. Thus, the current democratic malaise in many of the EU member states, linked to, and reflected in, falling voter turnout, falling trust in politicians, a variety of corruption scandals and, more recently, the rise of the extreme right, impacts on the EU, in particular through the Council, since EU citizens are unlikely to place more trust in the Council than they do in the national politicians that represent them there. This problem is then aggravated when national politicians turn round and blame Brussels or the Commission for policy decisions or communication failures (as done most recently by Schroeder, linked clearly to the German election campaign) rather than acknowledging, explaining and defending the decisions and systems to which they are party.

The Convention has as yet only debated these issues in the broadest terms, although with much support as would be expected for the general goal of bringing the EU closer to the citizens. This notwithstanding a curious intervention from Giscard in the Convention's April meeting where he emphasized the contradiction involved in trying to bring the EU closer to the citizens as it is, he said, by definition the most distant level of government. The emphasis, he considers, should be on comprehensibility — closeness to the citizen can be satisfied by other levels of government, local and national and only very little by the European level. This seems a rather inadequate response to the Laeken challenge as set by the member states. Action is needed not only to make the EU more comprehensible but also more transparent, more representative and more participative - with the last two of these characteristics in many ways the most challenging. Some would also include increasing efficiency as in part a further element of improving democracy - although the argument that citizens are only interested in efficiency, in 'delivery', is an argument that at best abandons the attempt, at the start, to improve democracy and at worst is fundamentally antidemocratic.

Several of the issues under discussion, or on the agenda of the Convention, impact on these different aspects of democratic functioning. A clear and simple constitution together with clear, effective procedures for allocation of competences and the implementation of subsidiarity, could impact strongly on both comprehensibility and transparency. Proposals already under discussion within the Council to hold legislative sessions in public would also represent a leap forward on the transparency side. But the representative and participative

dimensions are more difficult and relate strongly to how the roles and structures of the Council and Commission are developed, as well as to the role of national parliaments.

Council versus Commission

Both the Council and Commission need reform in their own right, in both efficiency and democratic terms, but one of the key questions for the Convention and subsequent IGC is that of the relative balance between the executive powers of the Council versus those of the Commission. It is the ongoing fight over whether the EU develops in an intergovernmental or supranational direction and decisions taken in this key area will impact on many other aspects of EU development. Some of those arguing in favour of a stronger Council, notably the UK who took a lead in making early proposals here, emphasize that in their view the Council is not only more democratic than the Commission but, according to the UK's foreign secretary Jack Straw, that it is where democratic accountability lies 'first and foremost'. Despite some lip service to the role of the Commission, it is clear that the UK would like to see the EU move in a much more intergovernmental direction with the Commission increasingly fulfilling the role of a secretariat.

Apart from the democratic deficiencies of the Council discussed above, the main difficulty with this approach lies with the fact that the Commission, as a supranational body, is designed to take a pan-European view, while the Council consists of the individual national views aggregated through intergovernmental debate. Larger member states also dominate in the Council, which is why the smaller member states have tended to be strong defenders of the role of

the Commission. Many observers do see the balance of power as already shifting from Commission to Council, partly reflecting weak leadership in the former (leaders chosen by the Council) but also representing more fundamental trends in EU development, including increased focus on areas sensitive to national sovereignty.

Council Reform

Several of the proposals for Council reform may impact on this balance. The European Council at Barcelona discussed a paper from the Council secretariat focusing in particular on reform of the European Council, of the General Affairs Council, and of the presidency, together with the issue of legislating in public. A number of decisions on Council reform may be taken at the Seville Council - those that require Treaty change may be forwarded to the Convention as a contribution of the European Council, a contribution that will be difficult to ignore.

An EU President and Executive Council?

The UK first started to float a number of ideas on Council reform behind the scenes at the start of the year, bringing some of them into the light of day in a speech by the British Foreign Secretary (the Hague, 21st February 2002) just before the start of the Convention. It is interesting to note that some of the British ideas that have been floated, but were not spelt out in detail by Jack Straw, have also been picked up in the Council secretariat contribution to Barcelona – the extent of collaboration between the UK and the Council secretariat is unclear, but looks to be rather close. Ideas on an EU President were subsequently also followed by Jacques Chirac and Jose Maria Aznar.

One part of the UK proposal is the idea of creating, in effect, an executive council of the

Council to replace the current presidency. Under this proposal, the number of Council formations would be reduced to under 10. Each Council would appoint a chairperson for 2 1/2 years instead of six months and that group of chair people would form an executive council or steering group.

The Council secretariat also make explicit in their Barcelona note the idea only gently raised in Jack Straw's speech (but floated informally by UK sources): to 'elect' – actually to appoint – the president of the European Council by its members for a period substantially longer than the current presidency length of six months, possibly 2 1/2 years they suggest. Chirac proposed at the start of March appointing the President of the Council for 5 years, an idea given further publicity by Peter Hain, the UK's Europe minister (in an interview with the FT, 6/02/02). Spain has also come out in support of this idea, while the idea of an executive council has attracted less attention. Meanwhile, the smaller countries are concerned at the proposal, with Finland criticizing anything that would weaken the Commission. The German government has not commented but MEP Elmar Brok at the May Convention meeting lambasted the idea of a super-president, saying the choice was between "Monnet and Metternich".

The proposal for an EU President neatly encapsulates the divisions over the relative powers of the Council and Commission and of the intergovernmental versus supranational approach. Its supporters claim such a President would be more legitimate, overcome the problems of the changing 6-month presidency and act as the central interlocutor for international dialogues. But there are many problems with the proposal. Firstly, it is in fact identical to the situation of the current Commission President i.e. former head of state, appointed by the Council and for a period of 5 years. Yet, as many accept, there are problems of inadequate democratic legitimacy of the Commission President (due to his appointment not election – as discussed further below). But those supporting the new President idea would be unlikely to support any reforms of the Commission President, which would demonstrate the democratic inadequacy of their new European Council leader. Furthermore, although the proposal overcomes the problem of the rotating presidency, the latter has the democratic advantage that it has at its head an elected premier, not an appointed, former politician. Moreover, confusion may be the outcome if the EU has 2 Presidents both appointed in an identical manner.

On the international side, the new President would effectively replace the role of the current High Representative though this has not been explicitly spelt out. But Solana's representativity as the international voice of the EU depends crucially on the member states political willingness to allow him that voice – the same question, and problem, would exist for a new EU President. Finally, there may be coordination and liaison problems between EU President and Commission, since the latter holds many of the relevant executive tools and powers. The outcome could well be a very weak President not the new strong leader intended by the larger countries supporting the idea. Nonetheless, there is a strong risk that the UK, France and Spain - and possibly Italy - may bargain for this against, possibly, agreeing with the smaller countries continued appointment by each member state of a Commissioner – resulting in a weak

Commission with weak Presidents of both Commission and Council.

Various unanswered questions also face the idea of an executive Council chaired by the new President. How would equality across member states be assured? What happens to the position of the long-standing (2 1/2 year or more) chairs of Councils when there are elections and changes of government in member states? What would be the role, if any, of the Commission in the executive council/steering group? But what is perhaps most striking about this proposal is its parallelism to the Commission, particularly once taking into account proposals for its reform. A strong Commission, as many have argued, should have fewer members, perhaps as few as 12, rather than a number equal to the number of member states. Taken together, the two reform proposals would produce two remarkably similar looking cross-portfolio executive bodies.

Two parallel executive structures may reinforce interinstitutional conflict not cooperation. In such a situation, the Commission may also find itself very much the weaker body. Furthermore, if such an executive council of the Council did become a dominant structure in the EU, there is a serious risk that it would be relatively inefficient (since it would not be a full-time executive), dominated by the larger countries, and tending towards some similarities with the UN. These weaknesses might be removed if such an executive council were permanent and full-time i.e. if its members stood down from their national political duties - but this would be full circle back reinventing the Commission (although at that point the reinvented 'Commission' would be at the heart of the Council – certainly not the outcome intended by the intergovernmentalists). It is notable that

the Commission (Com (2002)247) does not engage directly with these arguments at all, leaving the question of the presidency to one side while generally arguing for a stronger Commission in a variety of key areas.

While some of the smaller countries may continue to defend the 6-month presidency, most accept the need for change in an enlarged EU. But if they are opposed to the new President idea, alternatives are needed. Other proposals for reform of the presidency have focused more on the idea of a team presidency shared among a small number of member states. The team presidency approach would provide more continuity and consistency, and would also work as some form of steering group, but without the strong executive council characteristics of the UK's proposal. But a team presidency also implies a head of the European Council in place for more than 6 months. The difference to the UK proposals would be that such a head of the European Council would be an acting head of state, and so not a full time President, and a team presidency is unlikely to last for 5 years. This would conflict less with the position of Commission President but it does also indicate that a higher profile – through longer length – EU President in some form is a probable outcome. The relations of that President with the Commission President and with the High Representative will need considerable further definition.

The General Affairs Council
– time for change

The choices over the presidency are strongly interrelated to other aspects of Council reform – as well as to the role and reform of the Commission. The inadequate functioning of the

General Affairs Council is another key area of debate here. In different contributions to and comments on the debates so far, there is a general recognition that the GAC is overloaded and malfunctioning in its efforts to combine its general coordination roles with the foreign affairs role. One relatively straightforward part of a solution here is to create a separate Foreign Affairs Council - although less straightforward is who chairs it - the (reformed) presidency or Solana? But there are a variety of views of what then happens with the general coordination side of the GAC. Does it continue in its current form or is a new formation of the Council established?

Some have proposed a coordination Council composed possibly of deputy prime ministers or European ministers. But the politics of these different positions of deputy prime minister and European minister vary considerably across member states, especially where there are coalitions, and so a more acceptable solution is likely to be one where each prime minister nominates their own choice of minister to such a coordination Council. Such a Council might meet on a frequent basis in Brussels. While some have raised fears about how this could relate to the meetings of officials in Coreper, a more substantial question is how such coordination Council would relate to an executive council or steering group if that was the direction of reform of the presidency. It is possible that these decisions may be taken sequentially, since reform of the General Affairs Council does not require Treaty amendment whereas the substantive changes to the presidency proposed would require Treaty change.

Reforming the European Council

A further area of consideration for reform is the role of the European Council itself and how to bring it more fully within the institutional structures of the Union. The Council secretariat suggest various procedural and organizational changes to improve the efficiency and focus of European Council meetings, and re-establishing and re-emphasizing its role in setting a strategic framework for EU policy development. The proposed changes range from substantially reducing the size of delegations, to shorter more focused conclusions, and better preparation of meetings both through reform of the GAC and also through reduction in the number of Council formations. Ideas have also been floated to try to limit the use of European Council as a decision maker of last resort when individual Councils fail to reach agreement, including the idea of using QMV in the European Council for areas where QMV is used in the individual councils. The relationship between the European Council and the proposed executive council also needs further consideration - the European Council might find its risk being upstaged by the executive council particularly if it was chaired by a new, longer term European Council president.

Many but not all of these Council reforms have implications for the balance of power between Council and Commission. Whichever way this balance shifts, it is unlikely to be permanently settled since the EU is not at a stage where it will confer all its executive powers on one institution. With the exception of the proposal for the Council to legislate in public — a vital step forward for transparency and accountability — the proposed Council changes, including that of the new President, do not make any changes or improvements to representativity.

They also raise many questions that would have to be resolved about inter-institutional relations and roles. In particular, the possibility of both European Council and Commission having Presidents appointed in the same way for the same time period, both potentially former premiers, raises more difficulties than it resolves.

But how the balance of power shifts will also depend on how the Commission is reformed. The Commission itself is of course pursuing a number of internal reforms but the wider debate around its role and structure has not yet been pursued within the Convention itself.

Commission Reform

Much of the debate about Commission reform has focused on the two issues of the size of the Commission and the potential election of its President. The future size of the Commission is fundamental not simply to the efficiency with which it functions but to the question of how it fulfils its role of taking a coherent, pan-European approach to initiating policy and upholding all existing rules and agreements (defending the Treaties). The Commission at present looks increasingly weak, with an absence of strategic leadership or strategic framework underpinning the tendency of the current Commission to fragment into separate, relatively uncoordinated policy domains, with varying degrees of political control by individual commissioners over those policy domains and with a serious absence of genuine collegiality.

Furthermore, the effectiveness of the current internal reforms of the administration - the bureaucracy - of the Commission have yet to be tested. Whether it will really prove possible to replace a system dominated by insider networks and national preference with one of promotion on merit is open to considerable doubt. But while success of these internal administrative reforms is one vital component of ensuring the effectiveness and accountability of a politically reformed Commission, they themselves do not impact directly on the lack of political coordination and strategy, nor will they lead either to a substantial restructuring of internal structures and resources.

Restricting the future size of the Commission is a key reform (ducked at Nice) to ensure effective political direction and coordination. A smaller Commission, probably around 12 commissioners, would contribute to ensuring:

•   effective strategic policy leadership by the President and by the Commission as a whole;

•   genuine joined-up policy management and development (i.e. real collegiality);

•   pan-European policy-making not undermined by national influences;

•   improved political accountability of the administration to the commissioners; and

•   greater effectiveness of the Commission in interinstitutional discussions with the Council and the Parliament.

To achieve these results also requires radical structural changes within the Commission, reducing resources in less relevant areas (which returns to the issue of competences) and reorganizing resources and structures to ensure genuine strategic policy planning and development. This could also contribute to greater communication and coordination of strategic planning across the three institutions. In terms of strategic policy development, the Commission's sole right of initiative is in fact already shared. A better recognition of that by improved joint coordination is not per se an attack on the Commission's remit.

Smaller countries – both member states and candidate countries – mostly support a strong role for the Commission and so should support reform. But their reluctance to give up what they see as *their* national commissioner may condemn the Commission to weakness and a failure to fulfill its pan-European policy function, with infighting driven by national interests.

These reforms on their own, substantial and controversial though they are, are not sufficient and will have to be complemented by reforms on the side of democratic accountability. Attention has focused here on the question of electing the Commission President - either by a genuine EU wide popular election or via election by the European Parliament. The former proposal - an EU wide election - is problematic due to the lack of a genuine or even emergent pan-European political space reflected in the weakness of transnational parties and the absence of a European demos or, relatedly, a European media. The alternative which is a more intermediate step of election by the EP is a preferable proposal in that it balances the need for more democratic accountability with the difficulties raised by the inadequate development of the European public space.

Some are concerned that such an election process might unnecessarily politicize the Commission and would undermine its collegiality. But there are various possible routes around this problem. The President might be elected from a list provided by the European Council, and there is no reason why this list should necessarily provide a choice of candidates across the political parties. Moreover, the European Parliament could commit to making this a free vote and to identifying criteria for preference among candidates relating to key European priorities and

not to party affiliation. This proposal could and should be taken further: it could be applied to the selection of all commissioners. And if the latter is a step too far, then the Parliament should at least have the right to endorse or reject individual commissioners and not simply the whole Commission. Without such a step forward, the Commission will remain insufficiently accountable. In such a new framework not only would its role be clear and more transparent and accountable, but such a new system should also strengthen the political control of the commissioners over the administration itself, another fundamental requirement of reform.

In the absence of such changes, it is almost inevitable that the political balance will shift towards the Council, as it will become increasingly difficult to justify a major political role for an unreformed Commission. But if the Council agrees to appoint a new European Council President, then it will be highly unlikely to accept any of these democratic reforms, as they will underline the democratic illegitimacy of the new President. Council and Commission reform are consequently intertwined, highly political, and strongly dependent on the outcome of bargaining between the larger and smaller countries – with Germany potentially in a position to play a pivotal role promoting effective and democratic reforms and preventing the worst outcome of a weak new European Council President interacting poorly with a weak Commission.

Communication and Participation

Increasing democracy in the EU is not only a question of institutional and structural changes. It is a question of communication and participation. It is the challenge of building a real European

political space and debate. These issues are often misunderstood and poorly focused on within the EU institutions, with emphasis being put on provision of information to overcome lack of understanding. But a dynamic, participative democratic system is not and cannot be simply or mainly about one-way information flows. What is needed is a step change in political and public discussion of European political and policy structures and initiatives. But this would require new initiatives and actions and change in behaviour of national and European politicians and officials. The media has an important role to play here too but politicians and officials cannot simply ask or expect the media to write more about the EU.

National politicians, not least faced with the current democratic malaise in many of the EU member states, need to acknowledge more directly and openly their role and responsibilities in EU decision-making. It is only national politicians who can explain and defend decisions taken in the Council back in their respective national political arenas. If they shy away from this task and instead suggest or imply that responsibility for decisions taken lies elsewhere (Brussels, the Commission, the bureaucracy) then this contributes in an important way to confusion, mistrust and distance of the wider public. This will be particularly the case if the Convention and subsequent IGC agree a constitution for the EU: unless a political lead is given in promoting debate and understanding of such a constitution, it will fail in one of its main purposes.

Both Commission and Parliament also need to devote much more political time and resources to developing effective communication strategies. Particularly in the Commission, officials need to

take on board communication as part of their role. Both institutions also have to face up to the fact that what is needed is open, two-way communication and debate - debate that will include criticism and disagreement: communication strategy is not the PR strategy of a political spin-doctor.

Serious political commitment to promoting pan-European debate should also result in innovative new ideas and experiments. For example, in terms of openness and accountability, the Commission could start each week with a one-hour weekly online question time with one member of the Commission (with a different commissioner each week) - this would represent a leap ahead of most member states. The EP could have much more frequent question time sessions with both Commission and Council presidents and could find a mechanism to involve national MPs in those sessions. Imaginative new mechanisms to involve national MPs and engage them directly with MEPs and the EP – and not simply a new mechanism to involve MPs in subsidiarity and competences decisions – could help to provoke a much more rapid politicizing of European debates in the individual member states.

While there has been some progress in relations with so-called 'organized' civil society, particularly NGOs and interest groups, more needs to be done here too, to ensure coherence, reliability and openness in consultation and dialogue processes – and to build on, and move beyond, the Commission's 2001 white paper on governance. Overall, precisely because the EU is not a state with directly equivalent political structures to those of individual member states, which results in problems of legitimacy and comprehensibility, there is a need for all those

involved in EU political developments and institutions to ensure that the structures that do exist are as open, accessible and engaged with the wider public as possible.

This is where the Convention itself could play a major role, and also faces a major challenge. The way in which the Convention conducts itself, its actual process of work and debate, will be vital for engaging the wider public, for engaging real national political attention and encouraging the development of a genuine dynamic of political debate. The risk for the Convention is twofold. The first risk is that, while it may engage in a range of dialogues with NGOs, unions, business, think tanks and so on, it could fail to demonstrate that there is a real two-way communication under way – to show the debates and ideas from the outside are being fed into, and impacting on, the Convention.

The second risk is that its work and debates appear removed from current important political challenges and issues. The Convention is not a government and will not have a consensus position until it produces its final document. Nonetheless, through effective communication strategies it should be showing the direct relevance of its developing debates to key contemporary issues. For example, the wide support in the Convention already for strengthening CFSP and for moving forward in the justice and home affairs area allows the work of the Convention to be presented to the media and the wider public in the context of current issues of debate, from the Middle East, to antidiscrimination, globalization and terrorism. It need not be a thing apart. Moreover, it could take a leaf out of the approach of the Council, and put forward ideas for change that do not require

Treaty change, during its work and not simply at its conclusion. If the Convention cannot engage and provoke a wider debate, then the chances of meeting the Laeken challenge of bringing the EU closer to its citizens are slight, whatever the institutional changes it proposes.

The Democratic Problem – Summary of Key Issues

• Democratic legitimacy problems of EU institutions – need for EU to be more transparent, comprehensible, representative and participative;

• Relative powers and reforms of Council and Commission are fundamental to the nature of the new EU – radical reforms of both are needed; greater intergovernmentalism risks weakening the EU;

• Rotating Presidency needs reform;

• Proposals for new European Council President will lead to confusion – with EU having 2 Presidents (Council and Commission) appointed in the same manner, for same time period. Both Presidents will lack democratic legitimacy. Council-Commission coordination may also suffer with increased conflicts, resulting in weak European Council President and weak Commission;

• Reform of General Affairs Council – split into two formations, foreign affairs and general affairs;

• Commission reform – need for a small Commission, with structures significantly refocused on the pan-European policy dimension, for effective and coherent strategic policy leadership, and to avoid national influences;

• Greater accountability of Commission

and bureaucracy to EP – election of President by EP, and of Commissioners, or at least individual right of veto;

• Step change in communication and promotion of democratic participation by all EU institutions and political actors, including national politicians; new genuine communication strategies; innovations such as weekly on-line question time, involvement of national MPs in EP questioning of Commission president and EU presidency; more coherent and reliable civil dialogue;

• Convention has a key role to play here in demonstrating through its processes of consultation and dialogue a new approach to participation and communication.

5. The EU's Voice in the World

The Laeken declaration set out high ambitions for a new EU role in the world, stating: "does Europe not, now that it is finally unified, have a leading role to play in a new world order, that of a power able both to play a stabilizing role worldwide and to point the way ahead for many countries and peoples?". Whether or not the Convention will be able to set out a path for the EU to achieve this new and highly ambitious role (both model and stabilizing power) is open to doubt. But what is vital is that the Convention does put forward serious and credible proposals for the EU to have a much stronger political voice in the world. The next enlargement will underline once more the disparity between the EU's economic weight in the world and its political influence - the economic giant/political dwarf syndrome. In the current global context, with the global agenda crowded with major issues from post September 11th and combating international terrorism, to the ongoing Middle East crisis,

globalization, sustainability and development, the inadequacies of the EU as a global actor have been painfully apparent and the need to strengthen its international role is very clear. At the same time, developments post September 11th have also underlined the pre-eminence of national sovereignty in foreign policy, not least in the larger member states.

Another key factor for the EU in the current international environment, is the sharp deterioration in US-European relations. From the fight against terrorism and weapons of mass destruction in rogue states, to trade, Kyoto and the international criminal court, the US and EU are facing recurring strategic differences. Growing US unilateralism also serves to emphasize the EU's weakness. Yet at the same time, the sharpness of some of the differences of view help to highlight what is distinctive about the EU's approach and also acts as a further catalyst in the growing pressures for the EU to move forward in this area. The EU argues for a more multilateral approach but its power to push international relations in this direction will in fact depend on its ability to forge its own internal multilateralism into a much stronger common voice. Enlargement will complicate this due to the increase both in numbers and in the variety of interests. But at the same time, the increase in number of member states also increases the potential political weight of the EU and adds to the pressure to become at least a stronger regional power.

The challenge for the Convention is not simply to look at EU foreign policy and institutional structures but to look across the range of EU international policies, and at their interconnection with various aspects of internal policy. One of the main difficulties that must be

faced up to is the diverse legal base in the Treaty of different policies, not least the spread of relevant international policies across the three pillars. Given the different Treaty bases for EU action, the Commission and the Council have varying roles and powers both across and within policy areas which impact negatively on coherent, integrated and effective policy-making. The Commission, in particular, has a stronger role in trade and in aid and development, all areas which offer a range of policy instruments that can be used to support and implement wider foreign policy aims. But while many of the relevant instruments lie with the Commission, the Council determines the CFSP policy framework.

One of the key challenges, therefore, is to situate international policies including trade, aid and development, justice and home affairs, environment and sustainability, human rights and foreign policy in a common framework with much closer coordination and mutual reinforcement across the policy areas. This has led to arguments for a merger of the three pillars, while retaining a range of instruments and decision-making procedures. A number of Convention members have argued for such a merger (in the May 23/24 meeting) as has the Commission (Com (2002)247) although Giscard d'Estaing in summing up the May meeting expressed strong doubts about the idea.

Trade Commissioner, Pascal Lamy, has argued that the EU should focus as its first priority on the governance of globalization and the promotion of sustainable development. So he proposes that the Commission should have competence, as with trade, to negotiate on all aspects of the management of globalization from environment to transport to energy. With the launch of the euro, and the development of the euro-zone,

such arguments gain weight together with the related need for unified EU representation - or at least euro-zone representation - in international bodies including the IMF, G8 and World Bank. If such goals are to be reached, the need to strengthen internal policies in the enlarged EU, not least structural and cohesion policy, is a vital element, if diversity of interests and sectional interests are not to weaken and impede development of coherent and effective international policy positions and strategies. A clearer more coherent EU approach to management of globalization could also impact on other areas of concern to the Convention, not least if it helps to open up a genuine pan-European debate with civil society and with younger people.

However, if the EU puts its principal focus on globalization without at the same time looking to take major steps forward in the foreign and security policy dimension, it will be failing to address some of the most pressing key contemporary challenges. At the same time, despite the importance of moving to greater coordination and integration, many of the most important challenges in CFSP come down to the fundamental issue of the political will and interests of the member states in agreeing to, and acting on the basis of, a genuine common policy rather than pursuing their own individual and independent policies. Structural changes on their own cannot achieve this crucial element of political will and commitment.

The difficulties of the EU becoming a strong political global actor are clear - and without a step change, they will almost inevitably get worse in enlarging from 15 to 25 member states, with the risk of very weak 'lowest common denominator' positions emerging. In the post-September 11th

period, with the crisis in the Middle East, with the growing unilateralism of the US, and with the threat of a US campaign against Iraq, the lack of coordination and the lack of strong commonly defined interests and policy positions among the EU member states has been highlighted. While many fear the possible role of an informal directoire of France, Germany and the UK in a strengthened CFSP, events such the Middle East crisis and US threats against Iraq, in fact highlight the lack of coordination and focused agreement among the three 'bigs'. The UK's so-called 'special relationship' with the US appears more often to emphasize differences between the UK and other EU member states, rather than to provide a route to explain and promote common European positions or to ameliorate fractious transatlantic relations.

A step change in CFSP would require a major improvement in coordination and in political will to define stronger common positions as a genuine framework for member states' foreign policies. This would require France, Germany and the UK to lead here in demonstrating genuine political interests in progress. At the same time, it is also clear that at 15, and even more at 25, an effective CFSP cannot simply be built around an informal directoire of three. The infamous Downing Street dinner of autumn 2001 - where the initial three-some of France, Germany and the UK was expanded to include Italy, Spain, then the High Representative, then the Belgian presidency and finally at the last minute the Prime Minister of the Netherlands - demonstrated rather publicly the need for a more inclusive and coherent approach.

Some of the institutional changes discussed above would contribute to improving the functioning of CFSP. Reform of the General Affairs Council, with the creation of separate Foreign Affairs Council would be one step forward. This could be chaired by Solana, creating continuity and consistency - but if the presidency is successfully reformed, and the six-month presidency abolished, then chairing by the new reformed presidency would also result in more continuity and consistency than at present. A more focused, separate and consistent Council could contribute to moving forward in terms of much greater attention to priority setting and establishment of clear strategic frameworks in foreign policy, reinforced by the work of the Political and Security Committee (COPS). Furthermore, while up to now, despite the provisions of the Amsterdam Treaty, QMV has not been used in CFSP, in the medium run QMV should be used and extended. The difficulties in this are, of course, considerable but outside the security and defence area, it is the direction of progress.

In terms of greater coordination between Council and Commission, much discussion has focused in the last two years on the proposal of merging the post of High Representative with that of the Commissioner for external relations (an idea supported already in 1999 by Chris Patten, and proposed in a speech in 2000 by Prodi). Certainly, the split between policy formation and policy instruments represented by the two posts is not ideal. But some consider this idea premature, not least since Solana's position is relatively new. Moreover, such a merging of Council and Commission posts, with the new Representative taking part in meetings in both institutions, has very wide institutional implications and ramifications — it is not a stand-alone proposal. The Commission (Com (2002)247) has proposed merger with the

post being located in the Commission, and having the sole right of initiative (though no details are given of how the Council would then function) – Paris and London have been quick to reject these ideas.

However, Germany (who pushed hard in Laeken for a strong emphasis on the external dimension and is generally pushing for stronger and more rapid action on CFSP) supports fusion of the two posts, while France talks of increasing synergy. If synergy is a code word for the status quo, then it is obviously inadequate. But serious proposals to improve coordination and interaction could provide the basis to move forward, and ultimately to bring the two positions together.

Making progress will not be easy, yet more has been done in recent years on CFSP, and especially on ESDP, than would have been predicted in the mid-1990s. Even so, much faster and more substantial progress will be needed if the difficulties the EU faces in having a strong voice at this critical current global conjuncture are to be overcome, and overcome with sufficient rapidity. The Convention cannot substitute for political will among the member states but it can show the institutional and organizational route forward as well as putting the political challenge clearly to the member states.

Voice in the World – Summary of Key Issues

• Enlargement underlines EU position as economic giant and political dwarf;

• Global instability and uncertainty, and deteriorating EU-US relationship, add to pressure for urgent step change in EU's international role – political will of member states still key hurdle;

• Diverse legal bases of different international policies problematic; need for a common framework for trade, aid and development, environment, justice and security, human rights and foreign policy; merge 3 pillars

• Major increase in coordination of member states' foreign policies within common framework needed;

• Institutional changes include establishment of a separate Foreign Affairs Council; move towards greater QMV in foreign policy (not security and defense); greater synergy, and in the medium run merger, of the High Representative and Commissioner for External Relations posts

6. Conclusions

The challenges for the Convention and IGC are clear and daunting. But the Convention has the chance, and the political challenge, of demonstrating that where intergovernmental decision-making behind closed doors has proved inadequate in the past, the open and more inclusive approach of the Convention can succeed.

The Convention is still only at the early stages of its work. But many if not most of the choices open to it are already known – it is the selection across those choices that will determine the shape of the future EU. On the basis of these different choices, together with the different political groupings and interests within the Convention and across the member states and candidates, it is possible to identify a number of scenarios that help to illustrate the potential implications of the choices made. Five scenarios are briefly identified below:

(1) Emergent Global Political Power

The EU takes major steps forward in democracy, efficiency and in international policy-making. Consequently, it begins to have a stronger, effective global voice, understood by the European public and legitimated by effective democratic processes.

Democracy: Clear, basic constitutional Treaty; stronger accountability of Commission bureaucracy to the Commission, and of Commission to the EP:

Commission President elected by the European Parliament, Commissioners either elected or at least endorsed separately by the EP; open up Council – legislative sessions to be held in public; extend EP's rights of co-decision; step change in communication strategy and civil dialogue, including national politicians taking on their responsibilities for explaining and acknowledging their role in EU decisions; innovations in communication (e.g. weekly online question time of commissioners); new and innovative involvement of national parliaments; no moves to formal, separate decision-making for avant-garde (no exclusive 2-speed EU)

Efficiency: reduce size of Commission to 12; restructure Commission resources, increasing focus on strategic policy development, and reducing resources in areas of strongly national competence; reform Council of Ministers and European Council – split General Affairs Council, creating a Foreign Affairs Council and a new permanent Coordination Council (with ministers designated by their heads of state); bring European Council within EU institutional framework; abolish six-month presidency – introduce new, longer team presidency; abolish Nice voting weights and QMV conditions and replace with simple double majority voting; extend QMV; clarify processes for competences and subsidiarity and include national parliaments in the new processes.

International Policies: Create an effective common framework for all international policies – trade, development, aid, justice and home affairs (in their international dimensions), human rights and foreign policy, with closer coordination and integration of these policy areas. Integrate the 3 pillars, while maintaining different decision-making and policy developments approaches for different policy areas; create a new Foreign Affairs Council, chaired by the High Representative; in the medium run, extend QMV in foreign policy (but not in defence and security); in the medium run, merge the posts of High Representative and Commissioner for external relations, in the short run, develop new procedures for substantially improved and visible synergy.

(2) Struggling Global Power

The EU takes weak steps forward on democratic changes, makes more effective changes on the efficiency side but moves towards an intergovernmental model for the EU. The EU makes significant changes in international policy formulation. But over time democratic inadequacies, the lack of an effective pan-European strategic policy leadership function and conflict in the Council, not least over the decisions of the executive Council, leads to national differences coming to the fore and the EU struggles to have its voice heard in the world.

Democracy: Basic constitutional Treaty – but clarity marred by complex formulations

representing strong national differences; no changes to Commission accountability; Council legislative sessions to be held in public; no new and innovative communication strategy; formalisation of eurogroup leads to emergence of two-speed EU through de facto barriers impeding candidates' joining the euro.

Efficiency: Commission stays large – with number of Commissioners to match number of member states; Council of Ministers and European Council reformed – abolish 6 month presidency and creation of new 5 year European Council President, appointed by European Council members; creation of new executive Council, chaired by president and made up of chairs of the (reduced to) 8 Council formations; General Affairs Council, creating a Foreign Affairs Council and a new permanent Coordination Council (with ministers designated by their heads of state); bring European Council within EU institutional framework; maintain Nice voting weights and QMV conditions; extend QMV; clarify processes for competences and subsidiarity and include national parliaments in the new processes.

International Policies: Create processes for more effective coordination for all international policies – trade, development, aid, justice and home affairs (in their international dimensions), human rights and foreign policy. Create a new Foreign Affairs Council, chaired by the European Council President; develop new procedures for substantially improved and visible synergies between the High Representative and the Commissioner for External Relations.

(3) Efficient but Weak EU

The EU takes major steps forward in democracy and efficiency but not in international policy-making. Consequently, the enlarged EU function relatively well, but does not manage to act effectively as a regional power and so faces more difficulties in relations with neighbours and with the stability of its regional environment.

Democracy: Clear, basic constitutional Treaty; stronger accountability of Commission bureaucracy to the Commission, and of Commission to the EP: Commission President elected by the European Parliament, Commissioners either elected or at least endorsed separately by the EP; open up Council – legislative sessions to be held in public; extend EP's rights of co-decision; step change in communication strategy and civil dialogue, including national politicians taking on their responsibilities for explaining and acknowledging their role in EU decisions; innovations in communication (e.g. weekly online question time of commissioners); new and innovative involvement of national parliaments; no moves to formal, separate decision-making for avant-garde (no exclusive 2-speed EU).

Efficiency: reduce size of Commission to 12; restructure Commission resources, increasing focus on strategic policy development, and reducing resources in areas of strongly national competence; reform Council of Ministers and European Council – split General Affairs Council, creating a Foreign Affairs Council and a new permanent Coordination Council (with ministers designated by their heads of state); bring European Council within EU institutional framework; abolish six-month presidency –

introduce new, longer team presidency; abolish Nice voting weights and QMV conditions and replace with simple double majority voting; extend QMV; clarify processes for competences and subsidiarity and include national parliaments in the new processes.

International Policies: New Foreign Affairs Council created, chaired by presidency. No action to improve synergy or coherence across different areas of international policy. No change in positions of High Representative and Commissioner for External Relations.

(4) Efficient but Unstable EU

The EU makes some improvements in efficiency, following a much stronger intergovernmental approach but does less in terms of democratic changes and little on the international side. The intergovernmental approach combined with absence of sufficient democratic changes results in inadequate popular support for the EU together with national frictions between member states. The EU's development is unstable and problematic.

Democracy: Basic constitutional Treaty – but clarity marred by complex formulations representing strong national differences; no changes to Commission accountability; Council legislative sessions to be held in public; no new and innovative communication strategy; formalisation of eurogroup leads to emergence of two-speed EU through de facto barriers impeding candidates' joining the euro.

Efficiency: Commission stays large – with number of Commissioners to match number of member states; Council of Ministers and

European Council reformed – abolish 6 month presidency and creation of new 5 year European Council President, appointed by European Council members; creation of new executive Council, chaired by president and made up of chairs of the (reduced to) 8 Council formations; reform of General Affairs Council, creating a Foreign Affairs Council and a new permanent Coordination Council (with ministers designated by their heads of state); bring European Council within EU institutional framework; maintain Nice voting weights and QMV conditions; extend QMV; clarify processes for competences and subsidiarity and include national parliaments in the new processes.

International Policies: New Foreign Affairs Council created, chaired by European Council president. No action to improve synergy or coherence across different areas of international policy. No change in positions of High Representative and Commissioner for External Relations.

(5) Technocratic, Stalled and Inefficient EU

The Convention and IGC fail to agree major changes and only some tinkering is achieved not moving much beyond the Nice Treaty. Decision-making in the enlarged EU is extremely difficult with many blockages. Public dissatisfaction with the EU grows and national differences of view become sharper. Attempts to move forward within the eurogroup fail due to public discontent and different national reactions to a deteriorating global environment.

Democracy: No constitutional Treaty; no changes to Commission accountability; Council

legislative sessions to be held in public; no new and innovative communication strategy; formalisation of eurogroup leads to emergence of two-speed EU through de facto barriers impeding candidates' joining the euro.

Efficiency: Commission stays large – with number of Commissioners to match number of member states; six-month presidency abolished and replaced by team presidency of 3 countries for 18 months; no reform of General Affairs Council; maintain Nice voting weights and QMV conditions; no extension of QMV; no new role for national parliaments; complex new procedures for allocation of competences and subsidiarity.

International Policies: no changes to international policy coordination or to CFSP.

These scenarios are only indicative of how different decisions may come together to create the overall structures and dynamics of the new EU. But they underline the importance of not looking at individual changes in isolation. The most positive scenario is the first one, of the emergent global power. This requires the EU to move forward in democratic and efficiency terms while managing to renew and maintain its balance between intergovernmental and supranational approaches. Success of this scenario requires substantial Commission reform together with many changes in the Council, and an understanding of the requirements of participative democracy.

In an enlarged EU, reforms that do not provide adequate scope and room within EU structures for genuine pan-European policy-development and that move too far in an intergovernmental direction risk creating a situation where it is increasingly difficult to ensure coherence and achieve common views. But a renewed dynamic combination of the supranational and intergovernmental will also not succeed without substantial changes in democratic involvement and participation. The scenarios also underline the importance of the international dimension. The enlarged EU cannot isolate itself or cut itself off from the wider world. Unless major steps forward are taken to strengthen the EU's international voice, then even a more democratic and efficient EU will find itself buffeted by global forces over which it has little control.

The challenges facing the EU are pressing. In a calmer and more stable global environment, the triple challenge of tackling the democratic deficit, managing the politics and organization of the enlarged EU, and building a genuine global voice, would be hard and comprehensive enough. In the current global context, it is both much more difficult and more urgent to rise to these challenges. Much lies on the shoulders of the future of Europe Convention – an important innovation in the preparation of these fundamental decisions, not least in its openness and composition. But events may move rapidly ahead and past the steady timetable of the Convention and IGC. The challenge for the Convention, and for all the political groupings within it, is to demonstrate not only that it can come up with focused substantive solutions that will revitalize and restructure the EU to meet the needs and demands of European and global politics, but also that it can engage with the wider world – with the public, with unfolding events – in the process of its work. If it does not, it risks being seen as a fundamental political distraction, on the sidelines as global events move rapidly forward.

Îndrumar pentru autori

ROMANIAN JOURNAL OF EUROPEAN AFFAIRS este prima publicaţie din România focalizată exclusiv pe dezbaterea privind procesul de integrare europeană şi pe rolul României într-o Europă lărgită.

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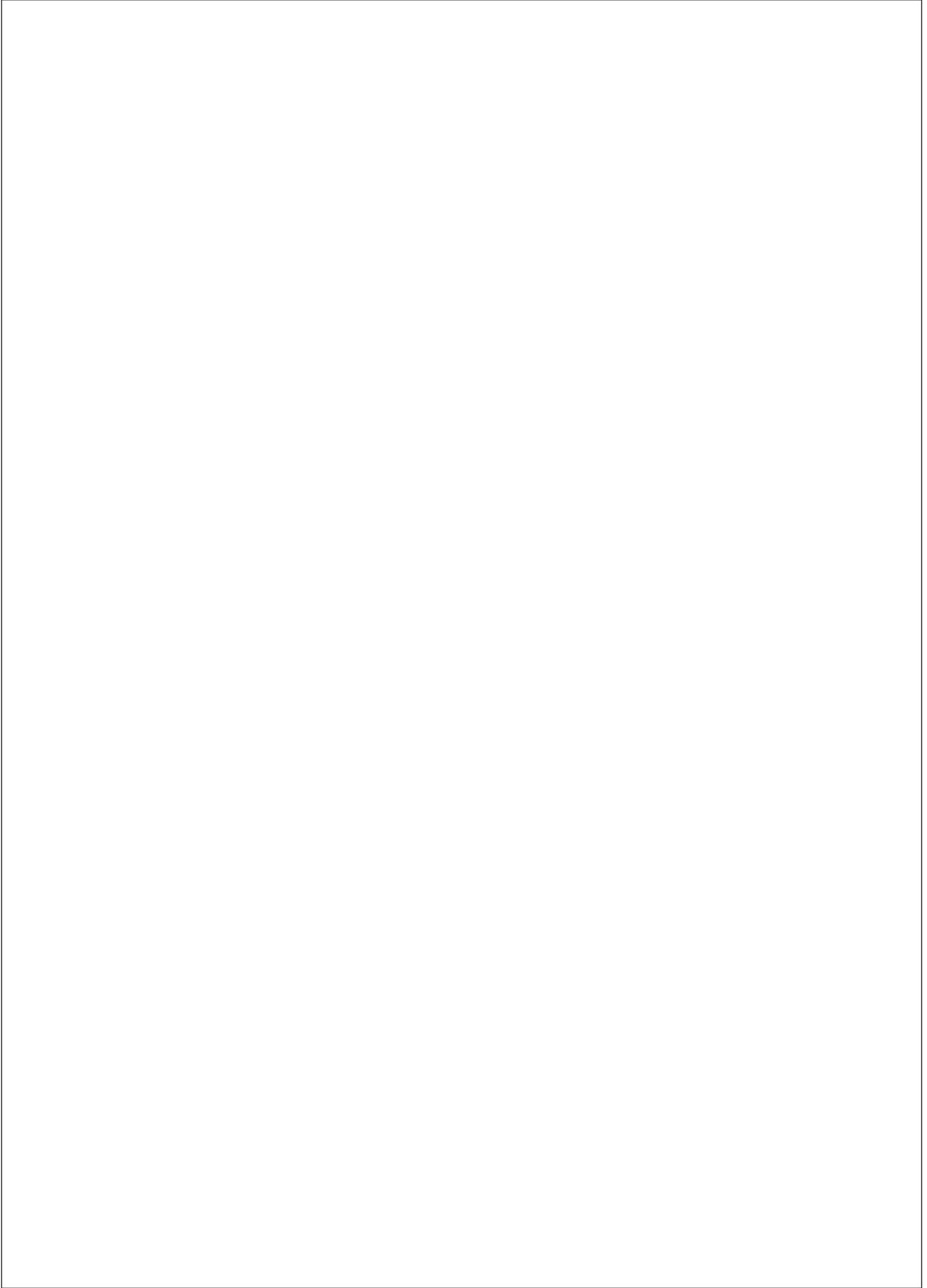
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