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# THE EUROPEAN

The European View

Europe will change

Youth unemployment in Europe

What is Labour thinking?



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## The European View

'The EU is too powerful', those that are of a eurosceptic inclination charge. It has too much power over individuals and over member states and that reason alone is enough for them to argue that we should do away with it.

But what is 'power'? Where does it come from and what purpose it serves. The government has power, to raise taxes and spend them, to provide us with healthcare, education, security etc. We, the people, have come together and have voluntarily handed over the authority for the government to undertake, on our behalf, all those things we cannot do on our own.

This is the EU model as well. Sovereign members states have, through their governments, come together to pursue their collective interests. They have pulled their sovereignty in the realisation that they can serve their national interests better if they do so through the EU rather than individually. So they have charged supranational institutions to form policies that will do just that. The thing with the EU is that power remains firmly with the member states. Despite what the eurosceptics argument might advocate it is the member states that set the agenda in the Council and adopt, reject or amend (together with the European Parliament) legislative proposals designed to deliver their stated aims.

The EU policy-making model has in fact become more and more intergovernmental over the last 20 years. For better or worse more and more decisions are made by member states (the European Parliament's role has been enhanced as co-legislator but it has yet to fulfil its potential as a fully-fledged supranational Assembly).

Perhaps this is where the problem with the EU lies. By pursuing a more intergovernmental model of governance we have allowed focus to shift away from the collective good of the Union and towards what serves best individual members states. Certain areas of course work better than others and trade, environmental policy or competition policy deliver more for the EU as a whole, exactly because the European Commission has the authority to pursue the collective good of the Union.

But the eurozone crisis is a stark reminder of the perils of intergovernmentalism. Here is a system of governance based mostly on peer pressure. The Stability and Growth Pack slowly morphed into a gentleman's agreement that quickly became irrelevant when the most powerful and (if you have an appetite for cultural stereotypes) prudent members of the club became the first to circumvent its rules when it suited them. With the Commission and Eurostat effectively powerless to impose discipline and the Council unwilling to penalise its own members, the Pack failed to guarantee the fiscal discipline required to maintain the financial wellbeing of a monetary union.

So the real challenge posed by the eurozone crisis is whether we are able to learn from past mistakes and redesign the governance architecture of the eurozone in a way that it will serve the collective good of its member states even if it means compromising individual interests. Compromise is inevitable in a globalised world where economies are integrated and financial systems interconnected to such an extent that what happens over here has a great effect to what happens over there. For the eurozone, and the EU as a whole, to continue delivering benefits for its member states brave decisions must be made. We need to set up independent, supranational institutions or empower the existing ones with the authority to

deliver governance that will guarantee the long term durability of the process of economic and monetary integration that has delivered so much in terms of increased trade, low inflation, stable interest rates and prosperity in the first 10 years of its existence. That will imply national political elites being prepared to share their power at and with the EU level. And it will require political leaders to explain to their electorates what is at stake and what are the benefits

that emanate from such degree of integration. Because at the end of the day it is electorates that hold the power, which is theirs to give through a grand, EU-wide, Social Contract.

**Petros Fassoulas**

Editor, The European

## Europe will change

The news we hear almost daily about the situation in the European Union in general and about the eurozone in particular is certain to create uncertainty. And that is what it has been doing. The financial markets, above all, have reacted nervously, and politicians have followed hot on their heels.

The longer the crisis lasts, however, the more evident another trend becomes: rising hope. It is growing equally fast among two particular groups – declared pro-Europeans and declared eurosceptics. Except that the direction their respective hope is pointing could not be further apart. The former see an opportunity to deepen European integration, at least in the countries of the euro, arguing the crisis has demonstrated beyond doubt that a common currency calls for a common financial and economic policy.

The latter, on the other hand, feel confirmed in their belief that Europe cannot work as a political project, that its members are too different, and that this is the right moment to dissolve the close community and concentrate on building a common market.

One thing is clear: the crisis has shown vividly that the European Union must change. One's assessment as to

which way things should go will depend, though, on the role one ascribes to one's own country, or to Europe, in a globalised world. It is our precise understanding of our goals that gives us the ideas and the will we need to reach those goals – assuming our goal is sufficiently realistic.

To me, it does not seem very likely that, in a globalised world where countries like China and India are gaining influence, a single European country on its own, however big it is and whatever its history, will play a significant role of any kind. But the prospect of being increasingly marginalised worries me deeply, for I believe that all our countries have developed values which we enjoy, but which are not self-evident. This means that we have to keep defending them: our prosperity, our freedom, our humanity. One does not have to look far beyond the borders of Europe to see that peace and prosperity are not universally shared by a broad section of the world's population. Personally, I grew up in what used to be East Germany. The experience of living in a land deprived of liberty has moulded me, and with it the knowledge that freedom cannot be taken for granted. In defending our values and defining them ever afresh, no European country can afford to be marginalised.

One might find the European Union bureaucratic (although it is always worth asking who made it that

way and whether things in our own countries are so much better). One can also ask again and again where the EU responsibilities should begin and where they should end. The prosperity the European Union offers its citizens is attractive and offers a means to influence the world with a force that exceeds its commercial strength and extends beyond economics. Indeed, the European Union is a political resource that benefits humanity and peace in the world, while spreading the concepts of democracy and basic rights.

This should be the starting point for reflection about the direction the European Union should take.

Perhaps the proponents of these two concepts should close ranks. The countries of the eurozone are sure to do so. They are setting the level of their integration for themselves, and accordingly, those who are not among them have no influence. Standing outside the door, but expecting a say in the decisions – that is just not on.

**Claudia Crawford**

Director, London Office of the Konrad-Adenauer-Stiftung e. V.

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## Youth unemployment in Europe

In September 2011, well over 5 million young people (under-25s) were unemployed in the EU-27. Daily or during sleepless nights, perhaps 25 million immediate family and friends share their worries.

There is talk of ‘a lost generation’, yet there are dozens of temporary employment schemes across Europe: a Government minister in the UK this month blames the eurozone crisis: the Right across Europe may blame the lack of initiative of young people - it was different in their day: the Left may reflect that before the Velvet Revolution everyone had job in their country: opposition parties across Europe blame the parties in power: a television presenter talking with the unemployed this month suggests the real problem is that there are not enough jobs.

Perhaps there won't be enough jobs? Have productivity, better management, electronics, the internet and cheaper global work places eradicated millions of them in Europe? Will we share work

around? But the compulsory shorter working week in France did not succeed. Hungary was an EU country first to suggest the answer is more social cohesion rather than just political or economic actions.

Governments put their fingers in the holes in the dam of unemployment, but the waters continue to rise. Across Europe many young people despair of finding a job. They have little faith in politicians. Will radical solutions be needed? Crisis coalition governments so that politicians stop baying across the parliamentary floors at the other side, saying how they can do better? Job sharing with everyone working say 30 hour week? Recognition that only a more coordinated approach from society will solve matters?

Politicians are perplexed – take the eurozone crisis. A central bank governor admits no-one knows clearly what to do. Perhaps the emperor of our current social and political system has lost his clothes. Perhaps things will have to change urgently and fundamentally or change will be forced upon us. There are always two sides to these issues. Attila Jozef, the Hungarian poet: “Smart though the cat may be, she can't catch a

mouse indoors and outdoors at the same time.” What are we doing? Is it enough? We are not sure about the tents around St Pauls. We are not sure about extreme right political movements.

What we can be more sure about is that one person in 20 in Europe is directly or indirectly personally worried about youth unemployment. It is spoiling to a large extent the lives of young people. With rising unemployment and increasing debt it is not an easy time to be young in Europe, as a newspaper supplement this month pointed out.

There are insufficient jobs in Europe even in the medium term. Can we better involve young

generations in discussion? If not, will the tents of protest across Europe and the world for that matter, continue to be pitched? A young European awakening may rouse their elders to urgent action. What did you do about the problem when you had the chance to act, Mum and Dad?

## John Drew

Jean Monnet Professor of European Business and Management; Director, Institute of Contemporary European Studies, Regents College, Regents Park

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## What is Labour thinking?

A recent [speech](#) and accompanying [article](#) by Labour Shadow Foreign Secretary Douglas Alexander were intended to set a new course in Labour policy on Europe. We know that because that was the briefing given to the newspapers reporting on the speech. (The substance of the speech was somewhat different, but we will come to that.)

Central to Douglas Alexander’s argument is the polling evidence. A recent poll found that 49 per cent wanted to leave the EU as against 40 per cent that wanted to stay in, whereas 10 years ago, membership led leaving by 68 per cent to 19 per cent. This substantial change in public opinion (the trend is clear, even if the numbers vary) demands a response from Labour.

His response is to enunciate a “modern, mature patriotism” and a “hard-headed view of Britain’s

national interests”. That will make all the difference. (Although one wonders whether an old-fashioned, immature patriotism or a soft-headed view of another country’s interests were ever really considered as policy options.)

He even plays the repatriation game, agreeing with the Conservatives saying that “The present balance of powers can be considered” – his only dissent is that it should not be “Britain’s overriding priority”. Best of all, he denounces the Tories for threatening “to start negotiations by threatening vetoes”. Remind me, wasn’t it Tony Blair, a Labour prime minister, who went into the negotiations with his Red Lines?

And this, surely, is the real reason why public opinion has swung the way it did. It is that the political leadership that might have helped the British people come to terms with the new reality of Europe did not do so. The impression that came back from the summits and negotiations was one of the Thin Red

Line, defending the British position against assaults from all sides.

Pro-European rhetoric was scarce and sporadic, compared with the continual patter of fear and resistance against Brussels. Against that background, what other conclusion were the voters supposed to draw?

The substance of EU membership was different, as indeed it is in Douglas Alexander's speech. His insistence that "We are most likely to be heard when the Chinese negotiate with a £10 trillion EU, not a £1.5 trillion Britain" is the right one. There is indeed a "need for reform revealed by new economic and political realities".

But is Labour going to be able to help Britain to be heard, is it going to support the case for reform, if it follows the course of Douglas Alexander's press briefing rather than of his speech? Surely not.

Better would be a pro-European strategy that would exacerbate the splits within the coalition government between the Liberal Democrats and the Tory right, and make more likely a different alignment of the parties after the next election. Simply aping the worst aspects of current government policy is no way to act in opposition. What is Labour thinking?

**Richard Laming**

Vice Chairman, European Movement



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