I propose to mention four subjects. First of all the prospects for the Constitution being agreed; secondly what lessons the ten new countries might learn from Ireland; thirdly, what are the policy implementation problems of the European Union; and fourthly what are the political legitimacy problems of the European Union.

Constitution’s Prospects and Misconceptions

I think that the prospects for a deal in Dublin [EU Summit on June 25-26] are extremely good on the basis of qualified majority being defined as 55% of the states being in favor representing 65% of the population. I think we’re going to have a large European Commission representing every state right up to 2014, but thereafter we will probably move to the smaller Commission on the basis of equal rotation that is proposed in the draft. I think that there is, as the Polish Prime Minister pointed out yesterday, going to be a lot of pressure to agree most of this actually in advance of the Summit so as not to have the kind of High Noon situation that occurred in Nice, which actually damaged the perception of the Nice Treaty simply because it seemed to be a messy situation. That said, problems are going to arise in regard to the referendum in Britain and in France, if France decides to have one [since decided positively]

I think it is, however, important to remove some misconceptions there are about the Constitution. For example, Leszek Kolakowski just referred to the primacy of EU law being provided for in the Constitution. That’s been there since 1964, as defined by the European Courts, and has been accepted as the basis upon which Britain and all the other countries joined the European Union that in its area of competency EU law would have primacy. There is nothing new in the Constitution as far as that is concerned.

This is not, I would say, a centralizing Constitution. It’s a codifying Constitution. It is also a Constitution that provides explicitly for the first time the right of Britain, or Poland, to withdraw from the European Union. If you don’t like it, you can leave. This is a free association.

The Constitution also provides explicitly that all of the powers of the European Union are conferred upon the Union by the member states and they can be withdrawn from the European Union by the member states, either by a change in the Constitution collectively or by an individual country withdrawing individually. So the Constitution leaves ultimate sovereignty with the member states.

Obviously, however, the large Commission is going to be a difficult-to-manage arrangement up to 2014. So, the choice of president for this body is going to be a tough choice. It’s going to have to be a very tough woman or man that will take that job, and I think probably there should be a preference for a tough woman, but I’m not so sure there are too many candidates offering in that gender. I think this is probably going to be the most important presidency of the Commission ever. After 2014, the Commission will become comparatively easy to manage. It has been increasingly difficult to manage in the past, but a bad choice would be a big problem.
Ireland’s Good “Bad” Example for New EU Members

The experience of Ireland for the ten countries is instructive more as to the mistakes we made than to the things we eventually got right. When we joined the European Union in 1973, we thought we had arrived in El Dorado. We decided that we would enjoy the fruits of EU membership immediately by borrowing money from the international banks that were happy to lend it to us. We reduced the pension age. We introduced all sorts of new social welfare benefits. The result was that by 1988, when we had been 15 years in the European Union, we still were only at 70% of the average EU income. However, by 2003, as a result of eventually getting it right in the 1990s, we had reached 102%. The point being that joining the EU does not automatically confer benefits if you make the wrong policy choices domestically.

What were the right policy choices we made that eventually enabled us to get it right? First of all, we had a bi-partisan fiscal policy, particularly on tax as far as business is concerned. The government and opposition, both major party formations, agreed on low taxes for business. Secondly, we invested the money we got from the EU more so in education and training than in cement and steel. That gave us advantages. Thirdly, this is something one can’t do much about in the short term, we had very healthy demographics. We had had a lot babies in the 1960s and a lot of returned emigrants in the 1970s who became expensive teenagers in the 1980s but in the 1990s these people suddenly became very, very qualified IT graduates. We had a lot of them.

Policy Problems and Unreasonable Pessimism

What are the policy implementation problems of the European Union and how does the Constitution help with them? I think our big failure in the Union has been in not achieving mutual recognition of qualifications. Although there is the free right to move, there isn’t actually mutual recognition, even though that is something that should have been there since 1958. It is even there yet. Secondly, we have not opened up the public procurement markets. Government purchasing is still very much a national area. For example, only 25% of the Spanish procurement market is open and 75% is closed, 80% of the Irish public procurement market is effectively closed, 95% of the public procurement market in France and Germany is effectively closed to outside competition. And of course electricity has not been liberalized. These are major failures of the European Union.

We have, of course, other problems, but I think the EU tends to take the blame for a lot of things that are not the Union’s problems but the problems of member states and the failures of member states. For example, “we have not reformed our labour market.” But the labour market is not a matter for the European Union; it is a matter for the German government, for the French government, for the Italian government, and they should take the blame. My worry, I must say, about the Lisbon process is that it has somehow or other associated the European Union with failures for which it is not responsible: the failures of national governments. It has given the Union a bad name when the bad name should really be attached to the national governments that have failed to liberalize their markets.

Secondly, we have the problem of pensions and unnaturally early retirement. For instance, only one in four Belgians over the age of 55 is still at work. That is something that is covered in the Lisbon process, but it is a failure of the Belgian government, not of the European Union.

Another thing wrong with Europe, that is not the European Union’s fault—is pessimism. Basically, we are pessimists in the European Union in so far as, for example, in 2003 when people were asked is the world going in the right direction, 90% of Chinese said they felt it was going in the right direction, 49% of the Indians felt the same, as did 37% of Americans and 25% of the British, but only 13% of the
Germans felt the world was going in the right direction. If people think the world is not going in the right direction, they are not going to spend money and they are not going to invest. This issue of pessimism, unreasonable pessimism, is something we’ve got to address. Europe should not be as pessimistic as it is about its economy. It is true that on the basis of productivity per hour, Europeans are as productive as Americans. The difference is that Americans work much longer hours for much longer in their lives than Europeans. Now, that’s actually a strength of Europe, not of America, because Americans can’t actually increase the number of hours they work since they are working so hard they can work no harder. Europeans, on the other hand, can, and I make that as a serious point. We are now mismanaging our time at the moment, we are not working hard enough—but we do have the time to increase it, and that is a strength. Just as is the relative lack of energy intensity of our production process in Europe because others are less sustainable in their form.

**Common Foreign and Defense Policy: No Other Way Out**

Policy implementation is also an issue as far as foreign policy is concerned. I would like to reassure you that there is no question of Britain having its foreign policy decided in Europe as a result of the Constitution. There is no qualified majority voting in the area of foreign policy. And it was never realistic, some European federalists have expressed disappointment, that the Convention would come up with the idea of qualified majority voting on foreign policy because you cannot expect the French and the British, who are the only countries with a serious military, to allow the deployment of that military to be decided by a majority of countries who don’t put their soldiers’ lives at risk. Quite realistically, the Convention has not changed that. But I think that will eventually change.

There will actually be an inversion of the commonly understood process. Most people believe that the first thing you will have is a common foreign policy and that will lead to a common defense policy. I think it is actually going to be the other way around: you’re going to have a common defense policy leading to a common foreign policy. Why? Because military expenditure is so expensive; because military hardware is so expensive. And the individual countries, even France and Britain, are not going to be able to afford it. So the only way they will be able to afford the sort of sophisticated defense that Europe needs is by doing it together. When they find that they have to do it together for economic reasons, they will find eventually that they will have to have a common policy as to how to use what they have bought in common.

I think this is a good example of the point that Georges Berthoin made about the fundamental driver of Europe being the idea of confronting politicians with something where there was, as he put it, no other way out. We have had a euro because there was no other way out for dealing with currency volatility. We are going to have majority voting on crime and terrorism issues in Europe because there is no other way out for dealing with cross-border crime. And we will eventually, probably in 25 or 30 years have a common foreign and defense policy because there will be no other way out for paying for expensive military hardware.

**EU Legitimacy: A Charisma Deficit Problem**

The last question I want to come to is the one about which I’m most concerned. That is the lack of perceived political legitimacy in the eyes of popular opinion as far as Europe is theirs. Do they have an emotional attachment to it? Do they feel that they can change the government of Europe in the same way they can change the government of their own country or municipality? Is the European Union narrowing political options by, as Georges Berthoin also very aptly put it, governments always being in front of one choice? Is this method of presenting governments always with one choice not actually subverting the natural debate that creates, ultimately when the decision is taken, a sense of political legitimacy. This is a real problem for Europe.
Max Weber said that there were three sources of legitimacy: tradition, charisma and rational process. The European Union has a certain amount of tradition, certainly for the older members, and that creates attachment. The European Union certainly has rational process. The Constitution will improve the rational process of EU law-making by making it more open and by consulting national parliaments about proposed EU laws even before the Council and the European Parliament are to be consulted about them under the subsidiarity mechanism in the Constitution. We have plenty of rational process in the European Union, but we have no charisma. There is no person toward whom people feel that ‘this is my man or my woman, I put them there to run Europe, and I can vote them out the next time if I don’t like it.’ There is no such sense in our current institutions, and I regret to say that the European Constitution of which I was one of the authors just hasn’t addressed that problem. In fact, it completely ignored it.

There were two questions we were asked at Laeken which were just pushed aside. One was should we create a single European electoral constituency for the European Parliament so that there would be some MEPs at large that could be voted in by the entire European Union where the same choice would be made whether in Italy or in Poland. That question was just not addressed at all in any stage of the Convention. Secondly, we were asked should the president of the Commission be directly elected as the chief executive of Europe in the same way as the president of the United States is elected by the people where the people would have the sense that they could vote out or in the person at the top. That question again, although I advocated it repetitively, was not addressed at all.

What we have in the Constitution is a very reasonable addressing of the rational process issue but a complete ignoring of the charisma deficit issue as far as the European Union is concerned. This is very strange in a world that understands the cult of celebrity. The European Union Convention ignored this issue entirely and, I believe, it has done so at the peril of our entire achievement. Because if the European Union does not have that sense of popular identity that could be created by such measures that the Convention chose to ignore I think the Union could, in the event of a crisis, find itself in trouble.

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