



Luxembourg Institute for
European and International
Studies



NEW POLICY
FORUM

in cooperation with



Representation in Luxembourg



EXECUTIVE SUMMARY

International Conference

Europe in the 21st Century: Challenges and Opportunities

18-19 May 2012

Luxembourg





Introduction

On 18 and 19 May 2012 the Luxembourg Institute for European and International Studies and the New Policy Forum (Gorbachev Forum), in cooperation with the Representation of the European Commission in Luxembourg and the think-tank Notre Europe, organised an international conference on “Europe in the 21st Century: Challenges and Opportunities”. This event was attended by about 50 participants and over 300 observers from around Europe and other parts of the world. At the opening session, the keynote speakers – Mikhail Gorbachev, Michel Rocard, Viviane Reding, François Biltgen and Fred Matser – expressed divergent views on Europe’s recent political developments and options for the future.

In his introductory remarks, Armand Clesse, Director of the LIEIS, suggested that Europe’s woes are the outcome of the dominant model of integration and enlargement. The EU has fallen victim to the twin fallacy of trying to create a political community based on the spill-over effects from economic cooperation and also seeking to remodel new members in its own image. Faced with growing Euro-fatigue, the price may be Europe’s long-term political irrelevance and socio-economic decline. Already during the formative three decades, integration and enlargement created an illusion of political progress – even though Europe was in fact moving away from building a genuine political community. Since 1989, Europe has seemed increasingly at a loss. Unable to cope with new challenges, the EU has proved unable to come up with a meaningful political design. More and more, it is the victim of divisions, rivalries and mutually incompatible demands. Thus the Union risks paying the price for decades of complacency. There is now a serious risk of a slow erosion of the EU’s basic consensus, its political fabric and its social cohesion. If so, Europe will be unable to avoid long-term economic decline. These trends will be increasingly accompanied and reinforced by resurgent nationalism and right-wing extremism, which will focus on foreigners and immigrants, and specifically on Muslims and Roma, as A. Clesse warned.

I. Keynote Speeches

The opening session was chaired by A. Clesse and featured plenary addresses by five keynote speakers:

- (1) Mikhail Gorbachev, President of the New Policy Forum (Gorbachev Forum) and former President of the USSR
- (2) Michel Rocard, former French Prime Minister
- (3) Viviane Reding, Vice-President of the European Commission and Commissioner of Justice
- (4) François Biltgen, Minister for Higher Education and Research, Minister of Justice, Luxembourg
- (5) Fred Matser, Founder and Chairman of the Fred Foundation

In his address, Mikhail Gorbachev insisted that both the present crisis of Europe and the future of the European continent must be seen in the context of the global situation. Contrary to the hopes and expectations of many (including Gorbachev himself), Europe has not become a world leader or an engine of transformation. At the same time, old threats persist and new dangers are emerging. Amid militarism and a new arms race, the current geo-economic and geo-political crisis demonstrates that the twenty years since the end of the Cold War have largely been wasted. Europe as a whole bears the greatest responsibility for failing to create a safer and fairer world order. The primary reason for this is that after 1989, the West in general and the USA in particular engaged in one-sided triumphalism, especially after the break-up of the USSR. That prevented a joint effort to create a wider Europe bringing together Western Europeans and Russians. According to M. Gorbachev, the interruption of perestroika undermined the prospect of real democratisation of the Russian society, which provided the West with a pretext to build a united Europe without Russia. In turn, a wider Europe without Russia is neither united nor a global power but rather a chimera.

At present, many EU member-states are afraid of Russia, and Russia feels that she is being rejected. Even if neither the Union nor the Russian Federation are currently able to unite, they nevertheless could and should join forces to create a greater Europe worthy of that name. M. Gorbachev recalled the phrase of the late Pope John Paul II who in their first meeting said that Europe must breathe with two lungs. But instead of a rapprochement and reunification across the continent, Western Europe embraced a unilateralism that has brought about mutual alienation and division. Another, more fundamental reason for the current crisis is the dominant model of Western economic development that centres on excessive profits and overconsumption. That model, which is embodied by the Washington Consensus, rests on social and environmental irresponsibility. As such, it betrays the humanist legacy which the West purports to uphold but fails to defend.

Amid Western unilateralism and deep divisions within Europe, the G20 has come to the fore of international relations. In 2008-09, it helped prevent a global economic depression but since then its role has not extended beyond being a fire brigade. The G20 has not been able to avoid or mitigate the second wave of the crisis, which is hitting ordinary people particularly hard. More austerity won't resolve the problems and could cause the collapse of the eurozone rather than preventing it. According to M. Gorbachev, Europe's main failure is its unwillingness to offer an alternative approach to political economy. There are no statesmen or visionary figures in Brussels or in the capitals of European countries who are comparable to Europe's founding fathers and their heirs. Both the leadership and the mode of governance require profound renewal.

At the same time, Europe retains formidable assets, most notably its democratic traditions. Even the present Chinese leaders recognise that economic and social challenges cannot be met without democratisation. The reform and transformation of Europe and the rest of the world cannot proceed without new approaches and discussions at gatherings such as this conference. The task is to combine high-level ideas with concrete policy proposals. Crucially, there is an urgent need for some kind of working group or council that can develop policy recommendations for both European governments and European institutions. The mission of such a group would be to speak truth to the governments and other decision-makers and offer critical, constructive suggestions that may be uncomfortable for the authorities. Europe as a continent of culture and democracy certainly cannot respond with tanks to the growing wave of popular protests. “Therefore we need to work hard to develop recommendations and I would suggest that we create a group that will prepare an analytical paper, which we could circulate among policy- and decision-makers”, M. Gorbachev said in conclusion of his speech.

The second speaker was Michel Rocard. He agreed with M. Gorbachev that the crisis of Europe has to be seen in the context of a world order that fails to deal with the main challenges of the 21st century, including climate change, financial bubbles, mass unemployment or the spread of nuclear weapons. National self-interest is blocking international cooperation. The participants of this conference should lead by example and provide original, implementable ideas that can help governments get out of the current impasse. Faced with a multiplicity of interrelated problems, what is needed first and foremost is a certain form of wisdom and the search for effective concepts. Whether on the economic turmoil or on climate change, there is no international or European agreement on the diagnosis, the causes and the responses. Therefore we need a broader intellectual horizon. Unfortunately contemporary public debate and policy-making continue to be dominated by a series of dogmas, for example the monetarist orthodoxy that governs much of economic thinking. Despite the fact that the Nobel Prize has recently been awarded to more heterodox economists such as Amartya Sen or Joseph Stiglitz, no paradigm shift has taken place. Here M. Rocard thanked A. Clesse for rehabilitating a place of collective thinking that is resolutely international. Since genuine progress is gradual, it will need many more such gatherings to engender an alternative consensus that focuses on the common public good instead of individual self-interest.

Based on his experience of 50 years in politics, M. Rocard went on to say that political decision-makers require the contribution of intellectuals, researchers and professional experience in order to have greater clarity. In relation to Europe, this need takes on a new urgency because the situation worldwide is one of poly-crisis, as Edgar Morin has argued. Individual problems such as climate change, financial turmoil, mass unemployment and growing inequality are inextricably intertwined, and neither



governments nor parliaments have found a proper response. Little wonder then that populations are increasingly disillusioned and vote for anti-establishment figures or movements. This crisis is clearly global, as emerging markets such as China, Brazil and South Africa are struggling with these and other similar problems. Europe did not trigger the financial tsunami, but it has had little to offer. As M. Gorbachev said, Europe has not been in a position to become a global leader. The

trouble is that Europe itself is no longer a priority for public opinion or governing parties. On the contrary, the EU has become an alibi for national retrenchment.

If there is no European people or demos, there won't be a European nation that binds together all the constituent nations. Perhaps one conclusion is that at the dawn of the 21st century national sovereignty begins to be counterproductive, even though it has facilitated the development of European civilizations for the past two and a half centuries. With the rise of China, India and the rest of Asia, how will the 27 nations of the EU preserve their individual existence? M. Rocard concluded his remarks by saying that he does not share the British obsession with national independence at the expense of a political union and that M. Gorbachev is a source of great inspiration in the fight for a new system of global governance.

In her intervention, Viviane Reding emphasized the importance of opening the debates on Europe to the public and involving citizens in political deliberations. It is true that Europe faces many unprecedented challenges but its opportunities are more significant. In times of crisis, Europe has



traditionally taken a great leap forward on the basis of ambitious leadership. The current crisis will prove to be no different. Germany and France, the engine of integration, are united in promoting stable public finances and stronger economic growth, which are two sides of the same coin. However, in order to take full measure of the present opportunities, it is crucial to remember the past challenges. Three generations ago, the European continent was on fire and ravaged by two world wars. Only one generation ago, an iron curtain divided East from West. Less

than one generation ago, the full potential of the single market was not yet fully realised by the creation of a common currency. Three generations, three challenges, and in the end three dreams that have become true: first, Europe as a peace project, which remains in the making; second, the reunification of Europe and the construction of a common house, as Mikhail Gorbachev put it so aptly; third, a single market and a single currency in a space of justice and freedom wherein 500 million people enjoy their civic rights.

Just as the European project that emerged from the ruins of 1945 marked the invention of a new model, so too the Europe that will emerge from the current crisis will involve a lot of new ideas and generations of hard work in order to achieve the promise of peace and prosperity. According to V. Reding, the first challenge of this generation is to deal with the economic and financial crisis as a whole. Both member-states and the Community institutions have learned from the economic and financial turmoil. Together the countries have begun to put in place the missing parts in order to complement the monetary union with an economic and a political union. The EU has repaired the European banking system, strengthened its economic governance, built financial firewalls and provided unprecedented solidarity to members in difficulty. The next challenge is to find the right balance between stability and growth by reducing debt and restoring sustainable public finance as well as boosting competitiveness and employment through structural reforms and targeted investment. In this manner, the Union is completing the 1970 Werner Plan and Jacques Delors' vision during his presidency of the European Commission. Here V. Reding agreed with M. Gorbachev and M. Rocard that the second contemporary challenge is to improve the European model in the

context of global competition. Only a strong and united Europe will be a credible actor on the international stage. At the inception of European integration, Europe represented 20% of the world population. Today that share has fallen to 11% and at the end of the 21st century it will be a mere 4%. As a result, Europeans need to take ownership of their common agenda at all the levels of political and economic decision-making, including the social partners and civil society.

Based on this analysis, V. Reding outlined a five-point plan that would help enable the EU to listen and work together with Europe's citizens. First, in 2013, European and national institutions should begin an open debate with political parties and civic actors in different fora (such as national parliaments) about the kind of Europe that the citizens would like to live in by 2020. Second, the 2014 elections to the European Parliament (EP) offer an opportunity for a broader political debate on the European project. European political parties should develop different visions and propose a candidate for the next President of the European Commission, who would then be elected by the new EP. That would mark a breakthrough in terms of the participation of European citizens and the EU-wide significance of political parties independently of their individual ideological outlook. Third, the heads of state and government as well as the EP should agree that the newly elected President of the European Commission will also chair the European Council. That would be a citizen-friendly simplification of the institutional structure, which would enhance clarity for the outside world and strengthen the Community method of governance. Fourth, following the EP elections a convention should be convened to draft a new treaty on a political union. As part of that process, the EP should become a true legislator with the right to initiative legislation and the exclusive power to elect the Commission as the European government. Fifth, by 2018 (when the fiscal pact has to be integrated into the European treaties), the new treaty on political union should be submitted to ratification in all member-states by popular referendum, with the choice being between political integration and a free-trade area. The political union treaty should enter into force once two-thirds of member-states have ratified it. Those who opt against it would remain members of the European free-trade area.

V. Reding concluded her speech by reporting that on Europe Day 2012, she had launched the broadest ever citizen consultation in the history of the EU and that less than 10 days after the launch the Commission had already received 1,100 extensive contributions, mostly by young citizens under the age of 30 who responded to practical questions as well as questions about their hopes and dreams. As M. Gorbachev said, Europe needs dreams, visions and hope. By the end of 2013, the Commission will come up with proposals not only behind closed doors but also on the open forum with 500 million citizens.

The fourth speaker was François Biltgen. He welcomed the conference on behalf of the Government of Luxembourg and began his remarks by recalling that in European history small countries like Luxembourg were usually the object, not the subject, of discussions about the future of Europe but that the destinies of European states have been bound up very closely since 1815. Today, two arguments are worth making. First, the identity of values and, second, concrete cooperation. On the first, he said that the resurgence of nationalism and extremism is a stark reminder of how eroded many common values of democracy and liberty are. Investment in research in the social sciences and humanities is key to analysing shared values and social cohesion. Without such values and social cohesion at the national level, there's no chance that Europe will have common ends and a sense of joint destiny. On the second point about cooperation, F. Biltgen mentioned the Bologna process and European space projects. Student mobility is part of a wider effort to promote civic bonds among Europeans and foster a European spirit that can underpin common values. The European Space Agency provides another example of forging ties among European countries, including non-EU members such as Switzerland and Russia. The sheer potential of cooperation has the power to mobilise citizens and bind them together around shared ends.

In his intervention, Fred Matser argued that finitude, time and space can only be understood with reference to infinity. Across the universe all beings coexist within a wonderful, all-inclusive and overarching system. If that's true, then why is there competition? In large part, it is because space is finite and discrete, and different beings cannot occupy the same place at the same time. Space and time involve resistance, which concerns opposite principles such as plus and minus, the male and the female, thinking and feeling or giving and receiving. The trouble with the contemporary world is that it has put thinking and physical power on a pedestal but it neglects the power of intuition and the power of vulnerability, which are fundamental blocks of our existence. As such, individually and collectively we need to allow ourselves not only to be informed by the intellect but also by feelings and the voice of the heart. If in future we could filter more of our thoughts through our heart, it would help create wisdom. According to a friend of F. Matser's, "Love is letting go of fear. Where there is love, there is no fear. And where there is fear, there is no love".



Since the universe is open to the infinite, nobody can exclude others from the all-inclusive overarching system. The exchange and cooperative spirit involved in a sport like tennis was initially meant to express the continuum of life on the planet. But it has been reduced to winning points and competition that excludes people. Worse, we put on a pedestal those who win and exclude people, and we attempt to imitate those examples rather than being ourselves.

Another instance is the hospital that M. Gorbachev and F. Matser set up together. It came about as result of identifying a concrete need, showing heart, taking action and doing something good for the good of all. Here F. Matser quoted an Indian saying: "A quick mind is a sick mind. A slow mind is a healthy mind. A still mind is a divine mind". He concluded his brief remarks by calling for cooperation and a fruitful exchange of ideas in a spirit of mutual forgiveness and love.

II. The Challenges Facing Europe in the 21st Century

The first plenary session focused on the challenges facing Europe in the 21st century and consisted of two panels: the first panel explored the threats to the prevailing political and socio-economic consensus, while the second panel analysed the eurozone crisis.

Panel 1: Threats to the prevailing political and socio-economic consensus

The first panel focused on the threats to the dominant political and socio-economic models, including

- the fragility of the social model
- the rise of the extreme right
- the erosion of the middle-class
- growing inequalities
- the decay of political ethos

Moderated by François Trémeaud (former Executive Director of ILO), the panel featured three speakers:

- (1) Christopher Coker, Professor of International Relations at the London School of Economics and Political Science
- (2) Jan Kavan, former Foreign Minister of the Czech Republic and former Chairman of the UN General Assembly
- (3) Csaba Tabajdi, Member of the European Parliament, Vice-President of the European Parliamentary Association and Vice-Chair of the Intergroup on National Minorities, Hungary

In his introductory remarks, François Trémeaud insisted that the threats are complex and interlinked. Since its inception, European integration has acted as a force of rapprochement and development after centuries of war, conflict and economic turmoil. Europe rests on a set of common values, institutions and policies that are reflected in achievements such as the welfare state to which a clear majority of European citizens is very attached. Following decades of strong growth (above average compared with the rest of the world), the collapse of economic growth rates in Europe has seriously aggravated budget deficits, public debt levels and also private and corporate indebtedness on which national economies have increasingly relied. What is needed is a shared diagnosis and a list of corrective measures to confront the problems and address the key challenges. A working group tasked with drawing up concrete policy proposals (as was suggested by M. Gorbachev) requires a shared analysis. More fundamentally, the success of reform and transformation will depend on a common political determination to act in close cooperation at the level of European institutions. Without taking into account the concerns of Europe's citizens, this process will lack credibility and legitimacy.

Christopher Coker began his intervention by warning that the European crisis has only just begun and that the second, more frightening phase is about to happen in a matter of weeks. It is welcome that a European Commissioner such as V. Reding mentions the citizens, but Europe has left it perhaps too late to tell them what the European project is about. To use F. Matser's analogy, the force of resistance that will determine the trajectory of the European community is the citizenry. Of course there is an economic crisis linked to the euro and a political crisis linked to extremism, but

the real crisis is one of legitimacy – whether the citizens can buy into the project as much as the ruling elite presumed they had.

Drawing on Charles Taylor's concept of 'social imaginary', C. Coker made the point that every nation state has a social imaginary that shapes the way its citizens view their co-existence, notably the normative dimensions of individual or collective hope and the mutual expectations that citizens have vis-à-vis each other. As such, social imaginaries involve common narratives, myths and practices, particularly how people behave towards one another. All this rests on whether a political community can provide security against the sense of fear that pervades our 'risk societies'. By contrast with the United States, Europe lacks a shared social imaginary, as evinced by current relations between Greece and Germany whose citizens live very different lives. 70% of Greeks may support the euro and wish to remain in the single currency, but that is because Greeks aspire to become Europeans rather than already be Europeans. If 70% or more of Germans voted in a referendum to kick Greece out of the euro, it would be because Germans have already been Europeans. As Franz-Josef Strauss remarked, to be German in the second half of the twentieth century, one had first to be European. This European consciousness is absent from the social imaginary of most EU members and the dialogue within the EU.



Moreover, as Charles Taylor suggests, the theory of social imaginaries must conform to the reality, i.e. to the social contract that has been in existence for many centuries across the Western world, in popular assemblies, local churches and the Great Awakening of the 1730s and 1740s. When reality changes, the theory becomes literally unbelievable. Europe has had an 'imagined' social imaginary that centred on functionalism (David Mitrany), economic interdependence and the peculiarly

European model of social-democracy. But according to C. Coker, it's that theory which no longer describes the reality, which most European citizens inhabit and face on a daily basis, except perhaps Northern Europeans. Linked to this is the danger of deconstructing the nation-state and trying to build the first transnational political community in history. Herein lies the reason for political extremism and popular alienation from the European project. The breakdown of national social imaginaries is the source for radicalisation on both the left and the right, chief of all multiculturalism and post-national citizenship whereby foreign minority claims take precedence over indigenous majority interests. As a result, growing numbers of citizens across Europe question democracy and the institutions of states and markets that collude with special interests at the expense of ordinary people.

But since there is no European social imaginary or European citizenship, people end up rallying around the nation-state and national myths. So far the nation-state has held the high ground on democracy, but this may not last for much longer as politicians will play the nationalist card to gain (re-)election. Only democratic mandates grant the legitimacy to inflict pain on populations but that is precisely what the technocratic elites at the national and the EU levels lack. Back in 1989, the American journalist William Pfaff argued that the European project might stumble and falter because it lacked the legitimacy required in a crisis. He wrote that "Europe is dangerous. If the United States goes wrong, it will go wrong democratically, carrying the national logic to the bitter end. But the European possibilities are much more subtle, and European history suggests that they

will be much more original". C. Coker concluded by saying that Europe is in the most dangerous period that it has faced in fifty years. The possibilities for some very unpleasant things to happen are real and must be confronted realistically – not by retreating into the pieties of a European project that will founder if it cannot be sold to its citizens. So far Europe has shirked the responsibility of taking citizenship and democracy seriously.

Jan Kavan began his speech by suggesting that capitalism, democracy and the transatlantic alliance appeared to be the panacea for the countries in Central Eastern Europe (CEE) following decades of communism, oppression and the Warsaw Pact under the yoke of the USSR. The desire to break with the Soviet past led to an unconditional embrace of 'shock therapy' and mass privatisation, which introduced a capitalist system not seen in the West since the late 19th century. Even though alternative models eventually emerged, the media in CEE blamed the economic crises of the late 1990s and the early 2000s on the profligacy of the welfare state and public debt. But neo-liberalism, under the guise of 'structural reform', began to acquire a stranglehold over society as a whole. As a result, whole sectors of the economies were sold off to foreign multinational corporations. The rise in inequality and poverty undermined social solidarity and increased ethnic and/or sectarian divisions, especially violent xenophobia against the Roma. Security in its various forms has become the focal point. Linked to this is the decline of the protective role of the state, the erosion of democratic culture and a widespread disillusionment with the political class that is seen as self-serving and corrupt. Elections offer no genuine alternatives or remedies, and young democracies are characterised by falling political participation, growing polarisation and the rise of extremists. With democratic consciousness not yet firmly embedded, CEE countries struggle to cope with organised crime and financial elites. The new inequality extends to public services and regions, and it flies in the face of European egalitarianism.

Crucially, the economist Joseph Stiglitz is right to warn that by adopting the German model Europe will commit collective suicide. J. Kavan welcomed the new French President's emphasis on growth and said that Germany needs to take a longer-term perspective and act according to European interests, not just national self-interest. In a Europe where the distribution of power and wealth is grossly unequal, rational self-interest will not be sufficient even if the rich elites were more apprehensive about the revolt of the masses. Faced with the growing popular alienation from political parties and even outright rejection, it is necessary to promote pan-European cooperation between citizens' associations, civil rights groups and pro-European movements that support change and challenge the power of the financial oligarchy and the economic elites without however risking conflict or violence. Greater participatory democracy, both in politics and the economy, is badly needed, including participatory budgets, as well as fighting tax evasion, speculation and excessive financial lobbying. The bottom line should be to support measures that separate business from politics. The economic must once again be subordinated to the social, as the economy should serve the interests of society – not vice-versa. Tony Judt, in *Ill Fares the Land*, makes the point that the democratic left has failed to provide responsible and credible responses to the economic crisis. His views are gaining ground, especially among the young, and we are seeing a growing mobilisation (for instance 120,000 demonstrators in Prague in March, which was the largest such demonstration since 1989). In conclusion, J. Kavan cited the words of Hessel: "Let us not be defeated by the tyranny of the world financial markets that threaten peace and democracy everywhere".

In his intervention, Csaba Tabajdi spoke about the human conditions involved in the poly-crisis (M. Rocard), which requires a poly-solution. Far from being a global crisis that hit Europe, the 'credit crunch' and its aftermath revealed fundamental weaknesses of the European project, most of all a triple deficit: a deficit of solidarity, a deficit of democracy and a deficit of social security. After the initial shock, people have become understandably more individualistic but the turning inwards of

member-states and the lack of cohesion between the higher and lower income groups threaten the very foundations of Europe. Instead of calls to buy national products, the 27 countries need to reaffirm their commitments to the common market. More fundamentally, Europeans are neither sufficiently open to the rest of the world nor properly dynamic to withstand global competition. The 'democratic deficit' is getting worse at the national and the Community level. Both the Commission and the Council President should be elected, and Commissioners should be much more accountable to the EP than they currently are. In relation to social security, there are examples from Scandinavia and Germany where the social models have been reformed and economic competitiveness has simultaneously increased.

Moreover, European jargon is particularly off-putting for ordinary European people, which is why Europe's communications and media policy requires a complete overhaul. CEE countries such as Hungary were liberated from 500 years of foreign domination, most recently the Soviet occupation, but since 1989 Western liberalism has been hegemonic. At the same time, appeals to national sovereignty do not provide a universal panacea because they do not address the complex issues of plural identities, which the failed doctrine of multiculturalism has not managed to solve either. For the sake of cultural diversity and democratic political culture, national identity needs to be at the heart of the European project. Otherwise the triple deficit of solidarity, democracy and security will only get worse and exacerbate the current crisis.

Panel 2: The eurozone crisis

The second panel focused on the eurozone crisis, in particular rival scenarios such as

- implosion
- muddling through
- saving the euro – but at what price?
- the prospect of a multi-speed EU

Moderated by Mario Hirsch (Visiting Senior Research Fellow at the European Union Institute for Security Studies in Paris), the panel featured four speakers:

- (1) Theodor Waigel, former Finance Minister of the Federal Republic of Germany
- (2) G. Michael Ambrosi, Emeritus Professor of European Economic Policy at the University of Trier
- (3) Jean-Pierre Pagé, Economist; former senior adviser at the French Ministry of the Economy and Finance
- (4) Mingqi Xu, Professor of International Economics and Director of the European Studies Centre at the Shanghai Academy of Social Sciences

Theo Waigel contended that Europe does not face a currency crisis because neither the internal nor the external stability is in danger. The euro's external value has remained above the rate of introduction in 1999, and the euro has acted as an anchor of the global monetary system, including during the financial storm of the past few years. What we are seeing is therefore not a currency crisis but instead a debt crisis in some of the euro countries. More specifically, Greece, Ireland and Portugal have home-made problems in the real estate and the banking sector. The accusation that the Maastricht Treaty lacked provisions for coordinating economic policies and strengthening competitiveness is unfounded, as evinced by the old Art. 103 that enshrines coordinated action on competitiveness. The trouble is that neither member-states nor the Commission used the available

instruments. What is true however is that EMU reveals the structural weaknesses of its members. There are no congenital defects but rather wrong developments over the last ten years. For example, it was wrong to change the Stability Pact and include Greece in the original eurozone, especially given that Greek statistics were not adequately checked.

It is also true that the sovereign debt crisis has caused serious tensions across the whole EU and that solidarity among the euro members is important. But it is paramount that individual countries and the eurozone as a whole adhere to the no-bailout clause, which is a core foundation for the functioning of the monetary union. Neither member-states separately nor the Community as a whole can be responsible for national debts. However, this clause does not rule out measures to help particular states overcome the current crisis. Linked to solidarity is subsidiarity, that is to say, tough action to restore public finances and implement structural reforms. Here it is worth recalling that the old EMS required massive intervention to stabilise certain currencies – in total to the tune of US\$200 billion in 1992 and 1993. Between June and July 1993, the independent Bundesbank used more than DM 90 billion to support the French Franc but it was not possible to save the British Pound.

On Greece, T. Waigel said that Athens must take a clear decision. It cannot be compelled to comply with the rescue programme but there can be no further disbursement of aid unless Greece keeps its side of the bargain. The eurozone has to contain the crisis and prevent it from spreading. Euro members have to restore confidence through financial consolidation. Certain countries have to boost competitiveness and the potential for stronger growth through structural reform. They must reduce domestic demand and increase exports to become more competitive. But consolidation and growth are not opposed to one another. The 1996 Stability Pact was agreed by all. When the 1997 French parliamentary elections brought the left to power, the title was changed to Stability and Growth Pact and a paragraph on structural reform to foster growth was added. But the provisions on stability remained unchanged. Making Germany less competitive is no solution to the crisis. All euro members have to take steps to reinforce competitiveness and increase growth. The British Chancellor of the Exchequer George Osborne is right in saying that no country can borrow its way out of the crisis. There is no alternative to consolidation and structural reforms, T. Waigel concluded.

In his remarks, G. Michael Ambrosi recalled the warning by one of the euro's fiercest critics, Martin Feldstein, Harvard Professor and former economic advisor to President Reagan. In 1997, Feldstein contended that Jean Monnet was mistaken and that economic integration would not reduce but rather raise the risk of conflict among European nations. What is saddening is that this now rings true. It is because of EMU that we have repeated allusions to Germany as Hitlerism reborn, albeit after pledges of €65 billion in support of Greece. However, what this ignores is that a single currency such as the euro was created not only to facilitate payments between trading partners but also to act as a stabiliser in the world economy, as the 1998 LIEIS conference on the euro in honour of Pierre Werner and Charles Kindleberger showed. To compete in the world economy, Europe needs real economic clout. If budget deficits and public debt are not sorted out, Europe risks being the world's eternal debtor, which won't work – except perhaps for the USA today. In countries like Greece, public spending must be restrained but it is equally true that regional circular demand effects are badly needed to generate growth and boost employment. In the past, this was done by raising local taxes and levies, but today this is not available to eurozone or EU member-states. Instead, we need to redesign regional and structural aid as part of the EU budget, with maximum local and regional impact. What is required is not to recreate the nation-state but to build up sub-national entities, notably localities and regions.

For his part, Jean-Pierre Pagé argued that the politics of all-austerity is condemned to failure. Of course public finances need sorting out, but not in the way that it is being done by governments across the eurozone and around the Western world. The fiscal pact is misguided because it leads to deflation, thereby reducing tax receipts and making it impossible to reduce budget deficits and public debt. The aggregate effect of austerity is even worse because all eurozone countries are pursuing this strategy at the same time. The problem is that any national fiscal stimulus runs into global market pressure, and structural reforms take time and might kill the patient before growth resumes. Indeed, the wrong sort of structural reforms can destroy the European social models, including the right to work and other kinds of social *acquis*.

Thus, what is required is a pan-European fiscal stimulus under the aegis of the European institutions. The rationale is fivefold. First, Europe is rich, in terms of per capita income and the savings that could be tapped into. Second, 'Project Bonds' could be put in place by the Commission and the EIB to promote investment and growth. Third, Europe has a number of assets such as technological progress, infrastructure projects and R&D, which can help create jobs and support economic activity. Fourth, Europe can overcome the eurozone crisis and restore growth if it mutualises both risk and debt. Finally, a lot of the instruments and institutions are missing in Europe but so far nothing has been fatal and the European project can survive the current crisis if the leaders get a grip.



In his remarks, Mingqi Xu said that the key to make the fiscal pact credible and to fend off speculation is the official response to market pressure. As is well-known, the eurozone does not fulfil the requirements of an Optimum Currency Area (OCA). If European leaders want to save the euro nonetheless, they need to change political cooperation precisely because the euro was created by political cooperation in the 1990s. Common political will is decisive, but so too is a proper common project of economic development. For example, the EIB and EIB-offered bonds in the open market could help promote investment, which would boost both growth and employment. Another key challenge is the redistribution of resources across the eurozone. By comparison, the Chinese coastal provinces generate so much growth that its fruits can be shared with poor regions elsewhere. Europe may not have a central government that can redistribute resources on a similar scale, but there are other tools at hand to provide solidarity for those countries, regions and localities that are most in need of assistance.

The discussion that followed the four presentations revolved around three issues:

- the wider causes and remedies of the eurozone crisis
- concrete policy proposals and measures to foster both growth and employment
- the relations between national representative democracy and European economic imperatives

In his brief intervention, Robert Skidelsky, Emeritus Professor of Political Economy at the University of Warwick, argued that in conditions of deficient aggregate demand fiscal consolidation will not get the eurozone out of the banking and the sovereign debt crisis. Without the possibility of devaluing,

what Europe needs is increased demand to offset the impact of austerity. With private sector deleveraging, only new institutions and policies can boost growth and employment. Euro members need to consider debt forgiveness and a partial write-down. Countries such as Greece, Portugal, Spain and Italy need the equivalent of the German *Kreditanstalt für Wiederaufbau* (KfW) or the Scandinavian Investment Bank. The scope of the EIB could also be radically expanded. At present, the iron cage of austerity will further alienate voters and push them into the arms of political extremes.

Lothar Rühl, Professor at the Research Institute for Political Science and European Affairs of the University of Cologne and former State Secretary of Defence of the Federal Republic of Germany, warned against excessively radical proposals. There is no German opposition to a real Marshall Plan that directs resources into productive activities. So far we have merely been financing Greek debt. A direct election of the President of the European Council and the Commission President would go against national sovereignty and would be considered anti-constitutional by the German constitutional court. Only a change in the constitution by public referendum would restore legitimacy but at present there would be an overwhelming opposition in Germany to such fundamental modifications. In all the discussions about reform, the principle of representation is key.

Karsten Voigt, former Member of the German Bundestag, contended that a minority of people designate the members of the US Senate, so representation and majorities entertain a complex relationship. Even though 70% of the population is opposed, the German elite is able to push through tough decisions to help Greece and other euro members. However, this situation is not sustainable over time. At the EU level, regional and structural funds have been wasted and misused by Greece and other countries in the periphery. The wider reasons are political and cultural but this needs to change before further substantial aid can be granted. Outside incentives are crucial in transforming domestic political cultures. It seems that the present political elite in Greece is unwilling and unable to implement structural reforms. What is required is austerity in some areas and solidarity in others. Aid will only be effective if it supports growth rather than fuelling corruption.

In his short remarks, Charles Goerens, Member of the European Parliament and former Minister of Defence of the Grand Duchy of Luxembourg, said that the crisis did not start in 2008 but that it can be traced to the 1990s. The Lisbon Agenda was right but never implemented, which is why the euro countries and the rest of the EU need more, not less, Europe. In terms of democratic legitimacy, it is true that the two European presidents (Council and Commission) could be designated differently, but they have so little budgetary margin (little over 1%), which restricts their scope of action to little more than some room for manoeuvre. The election of François Hollande gives hope that the false alternatives of austerity and growth will change. There are more than €50bn of unused EU funds that could be transferred to the EIB and used for investment in productive activities. With a statesman such as Jacques Delors in charge over the past eight years, Europe would be more advanced than today.

Giulietto Chiesa, an Italian editorialist and former Member of the European Parliament, made the point that deals among governments will mean little when the people of Europe rise up, like in Greece and Spain and soon also in Italy. In the recent local elections, 10 million Italians voted against Mario Monti's reforms. Thus, Italy could reach the level of Greek chaos in October of this year. The eurozone woes mark the end of the European social pact, and that's perhaps the greatest threat to democracy and freedom. One should not forget that the crisis started in the US and that the current model of capitalism originated in North America. When one looks at the way global

markets work, one wonders who is in charge of the world economy. Who has the power to decide the fate of states and peoples? Rating agencies? Little wonder that the people are rebelling against the ruling elites.



The next intervention was by Martin Lees, former Secretary General of the Club of Rome and Emeritus Rector of the UN University for Peace in San José. Among the causes of the current crisis was the fact that the decisions to admit Greece and others to the eurozone were political, not economic. They rested on two 'great expectations': first, convergence among diverse members and, second, positive spill-over effects from monetary and economic integration to political integration; but

neither of the two expectations has proved true. Moreover, Europe has suffered the consequences of failing to take advantage of its assets in order to raise productivity by exploring its extensive potential of human and social capital. In addition to economic trouble, the EU has to deal with a 'democratic deficit' at the grassroots' level – the lack of mobilisation, the collapse of party membership, the decline of civic and fraternal associations, etc.

Based on this diagnosis, M. Lees put forward four proposals: first, Europe needs to change the priority given to finance and banking by creating a better balance and diversity of different economic sectors. Second, Europe must realise just how much it is dependent on an outside world that is in dramatic transformation, e.g. the average Korean worker works 1,000 hours longer than the average German worker. Third, Europe needs to overcome the lack of a positive vision that exacerbates the current crisis. Fourth, the credibility of the European institutions needs to be restored.

The final remarks were made by Mary Kaldor, Director of the Centre for the Study of Global Governance at the London School of Economics and Political Science, who argued that structural reforms need not be the same as austerity. A number of countries in the eurozone must cut corruption by fighting organised crime and reforming their administrative state. Europe as a whole has to promote technology and innovation if it wants to generate growth and compete in the global economy.

III. Opportunities and Possible Solutions for Europe in the 21st Century

The second plenary session turned to the opportunities and the possible solutions for Europe in the 21st century. In the course of two panels, the focus was on the case for, and against, a new institutional framework that is adequate to the future Europe and to a pan-European political and security community.

Panel 1. A new institutional framework for the future Europe?

The first panel examined the need for a new institutional framework for the future Europe, in particular two questions:

- does Europe need to go back to its sources or take a great leap forward?
- is Europe stuck between a 'super-state' and a 'super-market'?

The panel was moderated by A. Clesse and featured four speakers:

- (1) Philippe Herzog, Member of the European Parliament and Founding President of Confrontations Europe, Paris
- (2) Rodric Braithwaite, former Ambassador of the United Kingdom to the USSR and the Russian Federation
- (3) Christian Franck, Emeritus Professor at the Université catholique de Louvain, Visiting Professor at the Diplomatische Akademie Wien and at the College of Europe
- (4) Zahari Zahariev, President of the Slaviani Foundation in Sofia

Philippe Herzog spoke about the need to reinvent Europe in a globalized world. At present, there is no political will to foster economic and political integration so as to face competition and recreate a European model of prosperity. Both national governments and the European Commission are stuck in an impasse. The former have tools but do not want to share them, whereas the latter has a set of targets but lacks strategic and operational capabilities. Crucially, the potential of national civil societies has not yet been tapped into. What Europe needs is a pluri-national democracy to determine its shared finalities. The European project must help the citizens identify common ends and put in place an institutional framework that can translate shared finalities into concrete policies. The Union will be restructured in two overlapping spaces: a wider Europe, which hopefully will respond to Gorbachev's vision of a common house that includes Russia and builds a pan-European security community and a federate eurozone (a new sort of core) to make the single currency viable by pooling economic and budgetary sovereignty and granting Brussels greater powers. In between a confederate EU that re-envision the single market and strengthens regional markets and cooperation (especially in Southern Europe).

A key challenge is a growth model focussing relatively less on consumption and more on investment (notably in human capital and in infrastructures). A renewal of industry and reshaping finance for long term investment are required. In terms of the institutional framework, eurozone members will have to agree to a new treaty that goes far beyond the fiscal pact and creates an economic government which involves a proper political union. People must agree therefore that Europe needs to strengthen civic participation and the legitimacy of Community institutions. The latter is best achieved not by introducing direct, universal suffrage but rather via a Congress of the EP and national parliament representatives that would designate the Commission President and the

members from a short list drawn up by national governments and following a pan-European campaign.

Rodric Braithwaite argued that the *raison d'être* of post-1945 Europe was to stop Europeans from killing each other, which until now has been successful. However, there are two core problems with the European project in its current configuration: it has failed to gain popular support, and European leaders have always pushed integration and enlargement too far and too fast. The growing discontent with the EU is not limited to the British but extends to the Germans. Voluntarism characterises both the European elites and the Bolsheviks – peddling furiously to keep the bike going, as no peak ever seems too high to storm. More specifically, there have been three flawed projects. First, the 2005 Constitutional Treaty. Second, enlargement, which has proceeded too far and too fast to absorb new members, some of whom were not ready; Commission warnings were ignored by the national elites that wanted to storm yet more heights. Third, the euro, which was introduced by dismissing the lessons of failed monetary unions and single currencies in Europe in the past and indeed elsewhere across the world. Thus, Europe does need a new framework. Currently, there is little scope for another great leap forward, as ordinary citizens have no appetite to relinquish anymore national sovereignty. Moreover, the collective European confidence in the euro could suffer irreparable damage if countries either leave the eurozone or the EU. For all these and other reasons, Europe needs to proceed both carefully and decisively. There is no more room for error.

Christian Franck commented the March 2012 Treaty on Stability, Coordination and Governance in the EMU. He stressed that even if this Treaty is an intergovernmental one, this intergovernmentalism is of a hybrid kind, since it confers a decisive operational role to the European Commission while the European Court of Justice is to check on the constitutional character of the national law transposing the "fiscal compact" and its "golden rule". Hybridity occurs within the Community method too. Even if the



Commission still drafts the proposals, the political initiative mainly stems from the conclusions of the European Council's meeting while a quasi-permanent negotiation takes place between the Council and the EP to strike legislative deals where the leading role of the Commission in crafting compromises is weakened.

About the EU institutional model, C. Franck argued that this one is neither presidential nor parliamentary. Herman Van Rompuy, the President of the Council, is merely a chairman, not a real president. The European Council exercises the presidential function collectively. In relation to parliamentarianism, the EP neither backs nor sacks a European government that doesn't exist. However, the EP is becoming more like a chamber of the US Congress, with budgetary and legislative power. C. Franck ended his remarks by saying that the EU is a polity *sui generis*, not a government but rather a system of governance – with a Community method that is no longer what it used to be, and a parliament that acts more like a chamber of the US Congress.

Finally, Zahari Zahariev suggested that the very nature of the financial crisis is structural. The institutional dimension concerns the failure to respond, address and resolve the crisis. The cultural dimension relates to the political culture that has lacked robustness and a sense of shared,

collective ends. The popular dimension is linked to the growing protest movements that question the system as a whole. Citizens want to be subjects and actors that create history, not just the objects of elite decisions. However, it does seem to be the case that the national and the European elites live according to the values and norms that they preach to everyone else. Europe is likely to see new voices and new classes after the next elections to the EP and national parliaments. First, a kick in the face for traditional, mainstream parties (left, right and centre). Second, a rejection of old political systems and settlements. Third, the rise to power of forces that won't favour integration. Gorbachev's suggestion to set up a working group to reflect on concrete proposals is a good idea but perhaps it comes too late for Europe's alienated people.

Panel 2: A pan-European political and security community

The second panel turned to the question of whether Europe needs a pan-European political and security community, in particular

- a common environment and energy strategy
- how to involve citizens, peoples and nations in a new European Social Contract

Moderated by Roberto Savio (Founder and Managing Director of Inter Press Service News Agency), the panellists included

- (1) Vladimir Baranovsky, Deputy Director of the Institute of World Economy and International Relations (IMEMO) of the Russian Academy of Sciences
- (2) Mary Kaldor, Director of the Centre for the Study of Global Governance at the London School of Economics and Political Science
- (3) Anatol Lieven, Professor in the Department of War Studies at King's College London
- (4) Jianmin Wu, President of the China Foreign Affairs University
- (5) Karsten Voigt, former Member of the German Bundestag

In his introductory remarks, Roberto Savio called attention to the growing disconnect between the official debate and popular perception of Europe. V. Reding's proposal for a referendum in each EU country is worrying because it will be lost in most member-states. Even national governments are no longer determined democratically, e.g. the Monti administration in Italy and the recent Papademos administration in Greece. Worse, in countries with a rich civic tradition the extreme right is rapidly gaining ground (e.g. Sweden, Norway, Denmark or The Netherlands). If the EU lacks shared aims, concrete benefits (education, health, housing) and fails to reflect popular views, then the current political system will collapse.



The first speaker was Vladimir Baranovsky who reported that in Russia recent reactions to the EU and the eurozone turmoil are different compared with the rest of Europe. One widespread response is to say that the EU should stop lecturing Russia about social and political models. Another reaction

is to the fact that the zone of stability on Russia's doorstep has become a zone of instability. Either way, the current crisis has very important consequences for Russia. More specifically, Moscow's plan for a customs union with former Soviet states raises the question of whether the EU remains an example for creating a common market. Putin's proposed Eurasian Union seems to shift the priority of Russian foreign policy from Europe to Central Asia. What connects all these issues is the idea of a 'security community' (Karl Deutsch), i.e. resolving common problems through purely peaceful means. In this sense the EU remains a security community.

However, contemporary developments suggest that ethno-political factors still matter (e.g. re-drawing of borders or the consequences of mass migration). Moreover, growing social conflicts could exacerbate other conflicts within and between societies. That, in turn, could change the dynamics of external conflicts and revive old ideas of an external enemy. In Russia, Western plans for a missile defence shield, the expansion of NATO and the US in general continue to be seen as the principal external threat. Thus, Europe should focus on shared solutions to common problems, based on a cooperative approach to all issues such as energy, security and the social contract, V. Baranovsky concluded.

M. Kaldor contended that Europe is not facing a euro crisis but rather a crisis of legitimacy. Europe has privileged formal over substantive democracy, i.e. procedures and mechanisms rather than the power of people to affect public decisions. The complex process of globalisation is reinforcing the interconnection of business and government. This, coupled with growing bureaucratisation, produces a formalistic politics that is increasingly disconnected from society. By contrast with earlier social and other hierarchies, European societies are nowadays characterised by the penetration of the internet and the spread of social media networks. Fuelled by the impact of the financial storm and the recession, we are seeing the emergence of a subterranean democracy in Europe. First of all, protests are not more widespread than in the past but they strike a chord with the wider population. Second, mass mobilisation is not just or predominantly against austerity but against the entire ruling elites, as evinced by the various Occupy movements. Third, Europe is invisible: either it is not relevant to people at all or else its relevance is not political. Young people feel European, even in the UK, but they do not view it as a peace project or a polity with common values and shared ends. In any case, the EU is not a super-state in the making but instead a new model of governance. Its primary purpose is to protect against global 'bads' (above all different forms of insecurity) but not to secure global goods. Rather, the EU's securitising function relates to human, economic and social security. It is this security imperative that underpins European institutions and politics – not a new narrative about Europe's collective identity.

In his intervention, Anatol Lieven discussed different meanings of Europe. The decisions in the next weeks and months at the level of the EU and the eurozone will shape how the meaning of Europe develops for decades to come. But we are already seeing different 'Europes' with varying cores and peripheries. First, within the eurozone, there is a core of rich countries (including Germany, The Netherlands, Finland and Austria) and an impoverished periphery (Greece, Portugal, Spain and parts of Italy). Second, new member-states that joined in 2004 or 2007 still feel like objects, not subjects (e.g. Lithuania). Third, linked to these and other divisions is a rise of political extremes on both the left and the right. Fourth, as developments in Hungary and elsewhere indicate, pluralist democracy in the former Communist countries is not as deeply rooted as we previously thought, and is moreover being undermined by the rise of extreme rightist forces in Western Europe.

A different model is therefore emerging compared with the centrist democratic model that was dominant in the 1990s and early 2000s. Moreover, with the US becoming an unreliable security partner for European countries (due to commitments elsewhere and limited resources), Europe will

have to take responsibility for containing any future conflict and contagion in the Balkans and perhaps elsewhere. The EU is very poorly prepared for this, but a failure to do so would have a catastrophic effect on what remains of the EU's international image. However, the dynamic of core and periphery does have one potential advantage: that of blurring boundaries and creating the possibility of drawing both Russia and Turkey into a new security architecture, rather than drawing new lines which effectively banish them from Europe in a geopolitical sense.



Jianmin Wu said that he was struck by the pessimism of the conference debate. Of course there are disagreements about the nature of the crisis and possible exits. But from a Chinese perspective, European pessimism about Europe is not justified. Modern European civilisation remains a reference point worldwide. European reconciliation has made war between France and Germany impossible. The process of political integration is a model of cooperation for the 21st century. In relation

to the eurozone woes, the collapse of economic integration and China's acquisition of the best assets is not in Beijing's interest at all. After all, the EU is China's biggest trading partner, and strong growth in the euro countries is mutually beneficial. In any case, though the crisis is serious, Europe will get through it. However, the debate on the present and the future is blighted by Eurocentrism: aggregate demand is deficient at the global level, not just in Europe. The main trouble is that Europeans are too much focussed on Europe, they lose sight of the rest of the world, especially, of the emerging world. The aggregate demand in Europe is low, it is strong in the emerging world. The cooperation between Europe and the emerging world will pull Europe out of the current morass. At the same time, we are witnessing a third industrial revolution: Europe has innovation and China needs it. For thirty years or so, Beijing has sought to open up China to the rest of the world and lead the country into the modern era.

The final speaker of the panel was K. Voigt. He said that Germany's trade with China and Russia is booming, but the country's destiny is Europe. Geography is not ultimately determinative. It is policy and this is true for all countries, including those in the wider Europe. A real rapprochement and a peaceful order with Russia is eminently possible and already unfolding. Of course bigger powers and smaller nations have different accounts and narratives of the past and the present. Smaller nations remember negative episodes and have a different perception of mutual interests and common values. The EU still struggles to blend its diverse members into a coherent whole that can be owned by all. On foreign and security policy, K. Voigt argued that there is no integration of Russia into NATO but important cooperation – including on divisive issues such as missile defence. Against this backdrop, Russia should take the EU's Eastern Partnership seriously, including closer cooperation (e.g. in Afghanistan) and concrete common projects like a free-trade area. However, there can be no Russian veto. During the Cold War, the Conference on Security and Cooperation in Europe used to be blocked by unresolved territorial issues. Sadly something similar is true today in relation to Kosovo, Abkhazia and South Ossetia. Thus, cooperation with Russia should not be pursued for the sake of tangible benefit but for strategic reasons in order to bring about cooperation and promote European values across the whole continent.

III. Europe Facing the World

The final session shifted the emphasis to the wider Europe beyond the boundaries of the EU. The first panel analysed the relations between the EU and the wider Europe, while the second explored Europe's new frontier in the East and the South.

Panel 1: The EU and the wider Europe

The first panel focused on the EU and the wider Europe:

- reformed EU
- the role of the OSCE
- the desirability and feasibility of regional cooperation

Chaired by Hall Gardner (Professor and Chair of the International and Comparative Politics Department at the American University of Paris), the panel included five speakers:

- (1) Ruslan Grinberg, Professor and Director of the Institute of Economics at the Russian Academy of Sciences
- (2) Jack Matlock, former U.S. Ambassador to the USSR
- (3) Hanns W. Maull, Chair in International Relations and Foreign Policy at the University of Trier
- (4) Anatoly Orel, Ambassador and former Foreign Policy Adviser for the President of Ukraine
- (5) René Steichen, former Minister in Luxembourg, former Member of the European Commission and Chairman of the board of Directors of SES SA, Luxembourg

In his introductory remarks, Hall Gardner spoke about the prospects of a new European confederation to bring peace to the entire Euro-Atlantic community. The main obstacle to such a project is the pluri-crisis across the wider Europe, which is not limited to the eurozone storm but extends to the increasingly tense relations between NATO, the European Union and Russia, Greece and Turkey, as well as Ukraine and Russia. There are three centres of influence that require a renewed effort: Kaliningrad, Sebastopol and Cyprus where NATO, the European Union and Russia, among other national governments, need to work with the UN, OSCE, among other international organisations and NGOs, in order to better coordinate security and development policies. An international centre for peace and development could be established in Kaliningrad in order to help facilitate NATO and Russian efforts to build confidence and to cooperate on missile defence systems, for example. Such a centre could also assist European efforts to work with Moscow in more closely associating the Kaliningrad enclave (and Russia itself) with the European Union. Instead of demanding the full membership of Ukraine and Georgia in NATO – a major factor which has augmented tensions between Ukraine and Russia and throughout the Black Sea and Caucasus regions in general – NATO, the EU and Russia need to work together to build a new system of cooperative-collective security for the area: An international centre for peace and development could be established in Sebastopol that would seek to stabilize and develop the entire Black Sea and Caucasus. And finally, political-economic cooperation between Greece and Turkey is essential to more closely associate Turkey with the European Union and to ultimately assist Greece to lift itself out of the deepening euro crisis. Moreover, the establishment of an international centre for peace and development in Cyprus could not only help resolve the dispute between Greece and Turkey over northern Cyprus, but could concurrently work to resolve disputes over energy resources in the eastern Mediterranean.

The first speaker, Ruslan Grinberg, said that the world faced a crisis of capitalism and that it had to confront three closely related challenges: first, how to come to grips with the global financial oligarchy? Second, how to create a social capitalism as was done in the post-1945 era? Third, how to overcome the culture of irresponsibility as alluded to by Barack Obama? However serious the current crisis, the contemporary conditions are not like the run-up to 1917 when a revolution was in the making. The events since 2008 crystallise a double decline: the loss of a prosperous middle class and the erosion of the social contract. From a Russian perspective the proverbial expression that the purest joy is *Schadenfreude* seems apposite: after decades of Western lecturing, Russia is not gleefully observing the troubles of Europe and the West as a whole but feels vindicated about pursuing its own model of development. Russian attempts to reintegrate former Soviet states do not represent a form of imperialism: among its neighbours, no one really fears Russia, and all the countries are pursuing variants of neo-liberalism, including a strategy that leads to de-industrialisation. A customs union among certain post-Soviet countries is a first step, and R. Grinberg said that he was proud of the role his institute had played in this initiative. There is plenty of potential for cooperation within this emerging 'pole' and across other 'poles', including the EU and China.



In his speech, Jack Matlock argued that the problems and challenges are worldwide, and Europeans should view the eurozone crisis as part of global developments. Among the general trends worthy highlighting, we are seeing the spread of an increasingly impersonal bureaucracy that is affecting all aspects of life and intruding upon the personal, private sphere. Linked to this is the rise of 'big government' (e.g. in Brussels, Washington DC and elsewhere) that has a tendency to perpetuate itself

independently of which political party happens to be in power. Nevertheless the EU has been an incredible success. The current crisis is severe but nothing compared with wars or famine. Even 'Grexit' would not be fatal. It is for the Greeks to decide but the consequences should not be overstated. In terms of foreign policy, the EU must develop a closer relationship with Russia, Ukraine and Turkey. While a confederation might be unrealistic in the near future, there is enormous potential to foster mutual trust and build common ground for cooperation in many key areas. Relations between the US and Russia must also continue to improve, whether on missile defence, Afghanistan or Iran. Finally, two recently published books make important contributions to the debate. First, Steven Pinker's book (*The Better Angels of Our Nature: Why Violence Has Declined*) shows how the institutions and practices of modernity have promoted peace, which in turn has favoured the spread of democracy in Latin America, Europe and much of Asia. Second, *Why Nations Fail* (by the M.I.T. economist Daron Acemoglu and the Harvard political scientist James A. Robinson) argues convincingly that governments must include populations in decisions in order to be successful in a globalised world.

Hanns W. Maull commented on EU's capacity to be a global actor. Following 9/11 and the 2008 economic storm, the European response has been nothing short of disastrous. The third Arab awakening and the wider shift of power to the East and the South as part of globalisation add to profound geopolitical change on an unprecedented scale. At the core of Europe's predicament is a crisis of governance, which is a crisis of trust and of a growing gap between elites and the populations. Successive political earthquakes since 1989 have been closely linked to the structural

problems of the nation-state. If the EU implements some of the announced reforms, then by 2020 it will be leaner, more effective and more focused. One option is to agree on a common UN seat (fusing the French and the British presence), while offering the newly available seat to India. Another possibility is to have a more consolidated CFSP.

In his intervention, Anatoly Orel made the point that until recently, the EU was the only game in town, with the whole of CEE and South-eastern Europe gradually gravitating towards Brussels and membership. At that time, the EU had to dampen expectations. Now there are many other players, including China's growing global presence, the US idea of New Europe (under the George W. Bush administration) and a re-assertive Russia. By contrast with these bold ideas and projects, the EU's Eastern Partnership is restricted in its effectiveness and scope due to a lack of resources, a draconian visa regime and limited trade prospects. Cooperation with the EU is losing appeal because of the substantial losses involved. As a result, the proposed customs union between Russia, Belarus and Kazakhstan and a Eurasian Union with much of Central Asia are becoming more attractive. The EU does not seem to have any strategy to deal with these other integration processes. Currently, the Ukraine exports more than 40% of its goods to the customs union and only about 20% to the EU. That is why Kiev may be tempted to join a common economic space with the countries of the Eurasian Union. However, both the Ukraine and Russia need Western technology, and the EU needs to extend market access and supply of primary resources. In 2015 the Ukraine will chair OSCE and should put on the agenda the idea of freedom of movement across the wider European and Eurasian space. The OSCE mandate needs to be clarified and streamlined to be more effective, but it has the potential to promote cooperation from Moldova to Tajikistan.

Finally, René Steichen said that rapid widening (in 2004 and 2007) and the financial crisis threaten the process of European integration in general and the future of the euro in particular. He suggested that the EU has been overwhelmed by the successive waves of eastern enlargement and the financial storm. Before the Union can welcome new members, it is in need of a period of deepening and a new system of economic governance, which was not put in place when the 17 countries created the single currency. Of course it is important that the EU has good, cooperative relations with key neighbouring states, but for now the guiding principle should be "integration without accession". This principle translates into three structural changes of Europe's external policy: first, partnership instead of hegemony; second, multilateralism instead of bilateralism; third, geo-strategic vision instead of functionalism. Brussels needs to treat other countries as partners, not mere apprentices. That is why the EU should offer privileged partnerships to its neighbours. To this effect, the European Neighbourhood Policy (ENP) needs to be completely overhauled. First, it must be decentralised, not driven by Brussels. Second, it should be disconnected from the question of EU accession and focus on tangible benefits such as access to the single market. Third, questions of migration have to be tackled.

Moreover, the EU should forge closer links with other organisations, such as the OSCE, which needs to adapt itself to the new common threats and risks but also to the changes of NATO and the Council of Europe. Both the OSCE and the Council of Europe contribute to European identity by seeking to bind together their members around shared values and common institutions. The Council of Europe is particularly important because it represents the joint commitment on the part of all its member-states to respect human rights and to be held accountable for their actions before the European Court of Human Rights. With each enlargement, the legitimacy of the Council of Europe has been questioned, but it has facilitated intergovernmental dialogue and cooperation among its members (currently 47). Crucially, enlargement has led to the refashioning of new members in the image of the existing members, e.g. the transformation of former Communist regimes after the end of the Cold War. Indeed, the Council was the first international organisation to integrate countries

from the eastern bloc and to promote democracy, the rule of law and human rights, including in Russia. Of course there remain many obstacles to closer political cooperation with various countries due to democratic deficits, fraud and corruption. However, only continuous dialogue and sustained engagement can help change the behaviour of greater and smaller powers across the wider Europe and promote political integration, R. Steichen concluded.

The discussion that followed the five presentations revolved around two issues:

- the legacy of Cold War thinking
- Russia's stance towards the EU and the West at large

In her brief remarks, Pilar Bonet, the correspondent of El País in Moscow, emphasized the remnants of Cold War thinking by pointing to the example of V. Reding's speech, which – by identifying Europe with the European Union – made the frontiers of Europe de facto coincide with the Western borders of the Ukraine. The omission of the other side of Europe, the spaces where Ukraine and Russia are located, shows that there is still a lot to be done to overcome the lack of confidence and trust between the EU and the new countries which resulted from the disintegration of the USSR in 1991. For the time being, Putin's declared foreign policy priorities have shifted from the European orientation stated at the beginning of 2000. The president's new priorities are listed in a decree published on 7 May 2012. The Russian relationship with the EU is far down the list, below the BRICS countries (Brazil, Russia, India, China and South Africa), and below associations such as the Shanghai Cooperation Organization (SCO), the Commonwealth of Independent States and the Collective Security Treaty Organization. Putin considers Russia's relationship with the EU even less important than the breakaway regions of Transnistria, Nagorno-Karabakh, South Ossetia and Abkhazia.

M. Hirsch claimed that Europe is not getting its act together, whether in relation to Russia or the Middle East or indeed any other major foreign policy challenge. Most member-states and major powers such as Russia and China privilege bilateral relations. Even issues in Europe's 'backyard' like the Balkans and the recognition of Kosovo's independence still divide the EU. According to M. Lees, we are at a turning point in history and tomorrow's world will be utterly different from today's. China and India are becoming global powers and forming new organisations such as the Shanghai Cooperation Organization, which is considering bringing in Iran and Pakistan as members. The EU's crisis of legitimacy is specific to Europe but part of a wider global development that raises questions about the Western model of liberal market democracy. The Union has to broaden its vision and harness resources if it is to overcome its impasse.

In response to these comments, R. Grinberg said that Russia's stance is entirely Russia's choice. As for the lack of trust, only cooperation and common action can overcome it. Even in the energy sector where there are shared interests, much more needs to be done to secure mutual benefits. There are at least three priorities: first, technology exchange as part of the modernisation partnership between the EU and Russia. Secondly, both sides need to privilege industrial policy, for example civilian aviation where the US and Europe would like to maintain their duopoly. Third, missile defence should also unite, not divide, Europe and Russia. A. Orei remarked that no high technology project has been launched by Europe that involves the Ukraine or Russia. Likewise, visa-free travel is still a distant prospect, with EU countries tightening restrictions rather than liberalising or abolishing them altogether. There is thus a real discrepancy between rhetoric and reality.

Panel 2: Europe's New Frontier

The second panel explored Europe's new frontier: is Europe going East and South?

- Russia and the CIS
- Turkey and the Mediterranean
- will Europe be reaching out to the Pacific?

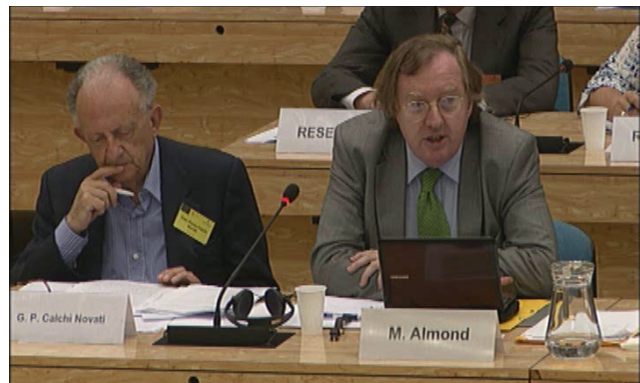
Chaired by Robert Skidelsky, the panel featured six speakers:

- (1) Lothar Rühl, Professor at the Research Institute for Political Science and European Affairs of the University of Cologne and former State Secretary of Defence of the Federal Republic of Germany
- (2) Mark Almond, Visiting Associate Professor in the Department of International Relations at Bilkent University in Ankara
- (3) Alexander Bessmertnykh, Chairman of the Russian Foreign Policy Association and former Minister of Foreign Affairs of the USSR
- (4) Mezut Yilmaz, former Prime Minister of Turkey
- (5) Gian Paolo Calchi Novati, Associate Senior Research Fellow and Head of the Africa Programme at the Istituto Studi Politica Internazionale (ISPI) in Milan
- (6) Bernard Guetta, Political Columnist at Radio France

In his introductory remarks, R. Skidelsky spoke about the economic, cultural, political and strategic limits and extendibility of Europe. He raised a number of key questions: is EU enlargement the main show in town or there are other attractive, realistic poles? Are the emerging poles more than *ad hoc* alliances but less than new sovereigns? What would deepened forms of association look like? In what areas? With whom? Are we seeing the re-emergence of Mediterranean civilisation, fractured since the advent of Islam? Or are Christian-Muslims wars on the horizon? Or neither? How will Russia, China and the SCO evolve? What about the Atlantic partnership? Europe has been drifting East and America West (towards the Asia-Pacific region).

L. Rühl argued that Europe needs a geopolitical vision and a proper strategy in order to defend its values and vital interests, especially on its South-eastern and Mediterranean periphery. Together with the US, Turkey, Israel and willing Arab countries, Europe needs to forge a partnership to help stabilise the situation in the Middle East. Egypt may be changing its foreign policy but the army still seems decidedly pro-Western. However problematic Iran's nuclear programme may be, it is not in a position to wage an inter-state war like in the 1980s against Iraq. As such, Western and European influence is still dominant in the wider Mediterranean space. This same is true for Europe's South-eastern periphery, which includes the Black Sea, Russia and the Caspian Sea. The 2008 Georgian war was the reason for suspending the NATO-Russia Council and EU-Russia association negotiations. Both resumed, but with little effect. Turkey is the main US and EU ally in this region. Ankara takes a strong interest in Libya, Tunisia and Syria, and it also has close links with countries in the Persian Gulf and the Indian Ocean. But talks about a neo-Ottoman power are exaggerated. On the contrary, Europe and Turkey share a sphere of responsibility. Israel is in some sense a European insertion in the Arab world. Germany has declared Israel's security a case of *raison d'état*, but even this is a source of disagreement within the EU. On the whole, the Union lacks any overarching strategy.

In his intervention, Mark Almond suggested that there are more contrasts than similarities between 1989 and today. Then Europe was a pole of attraction, economically and politically and also in terms of the social model. Today, the situation is very different: demographic stagnation in Western Europe and a collapse in CEE contrast with a demographic explosion in Middle East and North African countries. That divergence is exacerbated by the economic crisis. Unlike the consensus back in 1989-91, uncertainty and instability characterise the revolutionary processes today. As such, it is more accurate to compare today's revolutions with the break-up of Yugoslavia, when ethnic and religious rivalries trumped civic unity. On the question of religious faith, the prominence of religion in the Middle East makes it more like 1848-49 than 1989-91. Indeed, the Muslim tradition distinguishes itself on account of its flexibility and adaptability. Take Saudi Arabia's brand of Wahabism: the Saudi King acts in Bahrain like Tsar Nicolas in Hungary in 1849 and in Libya and Syria like Lenin in 1919. Thus, certain strands of Islam are curious hybrids of the Holy Alliance and Comintern. As for countries like Morocco, its constitutional process may be successful but ordinary Moroccans will continue to migrate to the EU. In this sense the EU is perhaps more like the late Roman Empire than the pre-1989 island of peace and prosperity. Finally, on Turkey M. Almond said that the AK Party and the Turkish model have been wrongly compared with the Saudi example. What is more convincing is that Ankara looks towards the Ottoman South, not the European West. So far we have seen religious unity in Turkey, but contagion from the Syrian conflict could change all that.



According to Alexander Bessmertnykh, in order to find a reasonable answer to the question about a strategic choice for Europe, one should start with some more general issues. Europe faces today a much more complicated and historically much more profound choice than just to select a preferable direction of its foreign policy. That is probably a choice of its destiny. The dawn of the 21st century looks like a turning point in the long voyage of Europe to the top of human civilisation. But, in his words, we can only suspect what to expect around the corner. Both geography and ideology play a diminishing role in geo-politics. What is getting more important is something we commonly call "globalisation". It has already changed a lot of our traditional thinking and doing. Capitalism stopped to respond to the needs of the present world and therefore global basic transformations are needed. A new model of global economy is shaping up and would encompass the best of the previous ones. In other words we reached the point which we had visualised 40 years ago – we came to the moment of historical convergence of some basic elements of the present and of the past. But we do not yet understand what will be the final result.

With a sudden realisation that basic elements of today's world are doomed to be deeply transformed, we naturally expect the arrival of a new type of international relations. But we cannot know what it will be. The same happened when we did not realize that post-Cold War world would be more complex and bloody, more unpredictable and even more dangerous than the Cold War itself. Speaking about the direction Europe would choose to protect its geo-strategic interests, A. Bessmertnykh explained that he meant only Europe of NATO, without a larger part of the continent which belongs to Russia. For half a century NATO was essential for the security system in Europe. Currently there are no large security risks on the continent, and NATO moves to its irrelevance in the changing world. The main reason for the existence of NATO is the American continued interest in preserving its military presence on European soil. Moscow recognises the historic reality of NATO

and the US interest in its military presence in Europe. When that interest subsides (which is possible) the situation will change. According to a former German defense minister and retired vice-admiral, “NATO has been steadily losing significance and acceptance in recent years” and “appears incapable of positioning itself geopolitically”. It was also indicated that NATO’s ambition to become a global military power would create an unacceptable situation not only for Russia, China, India and other powers, but also for Europe itself. Russia is the largest part of Europe and would do its best to maintain political, economic and historic cooperation with Western Europe.

With the multi-polar world getting more mobile and economic power moving towards Asia, US would gradually shift its strategic priorities towards the Pacific, and Europeans would have to develop their interests and strategies more independently. Who would lead the world in times of global reconstruction? For A. Bessmertnykh, that would be done mainly by both communities – Euro-Atlantic and Pacific with the support from other activated regions. Current regional security systems being just sectors of global security would gradually lose their individuality and slowly become irrelevant as such. A new global system will help the world to survive. In that common security system Europe will remain an important if not vital component of the historical process towards the establishment of a unified world order.

Mezut Yilmaz, the fourth panellist, made the point that Europe has no clearly definable borders in the East and South and could therefore be seen as a mere peninsula of Asia. However, economically and politically Europe is defined in terms of the EU. The trouble is that the Union looks increasingly like an impenetrable fortress that is shutting itself off the rest of the world. The EU has no hope of being dynamic and vibrant unless its borders are permeable, especially for close neighbours such as Turkey, Russia and the Ukraine. Europe wants to exert leadership and domination beyond its borders but lacks the vision and the resources to turn certain ideas or principles into reality. Europe’s economic weight contrasts with its lack of geopolitical power, in particular its secondary role in the Middle East. If the EU wants to upgrade its status and become a dominant actor, it needs to forge a strategic alliance with Turkey as an equal partner. On the whole, Turkey’s model is seen by an overwhelming majority of Arab countries as a good example of modernisation and the peaceful co-existence of Islam with democracy. The charge of neo-Ottoman outlook ignores the economic dynamism and vibrancy of the contemporary Turkish republic. Linked to this is the misperception that Turkey’s and Europe’s interests are diverging. The biggest stumbling blocs for closer cooperation and a genuine partnership are the fixed and closed borders as well as Western European isolationism. On Syria, M. Yilmaz said that the Syrian National Council has established its headquarters in Istanbul with the tacit approval of the Turkish government. Syria used to support the Kurdish separatist movement PKK and the Kurdish uprising that almost plunged Turkey into a civil war. If Bashar al-Assad survives, there is the danger that Damascus could revert to its former policy and destabilise neighbouring Turkey.

Gian Paolo Calchi Novati remarked that Europe is at the intersection of two axes that have divided the world since 1945. First, the East-West axis that was at the centre of the Cold War. Second, the North-South axis that has revolved around colonialism and decolonisation. Alongside the process of decolonisation, globalisation has also undermined national borders. However, both economic and political inequality have either preserved existing or created new, invisible borders and divisions. The world post-1989 saw not only decolonisation (the end of Soviet occupation) but also some form of neo-imperialism in the form of US global hegemony and EU’s diktat to the rest of Europe. As such, ‘Ostpolitik’ in the 1970s achieved more success than EU’s ‘Southpolitik’ in the 1990s and 2000s. Today, Libya looks like a repetition of Suez. Europe’s main aim seems to be to get access to strategic resources and key assets in its backyard. Thus, internal peace may be real, but Europe appears to have exported conflict to the periphery.

The final panellist, Bernard Guetta, outlined three scenarios that could have a significant impact on Europe and its neighbours, especially Russia and the countries in both North Africa and the Middle East. First, the precise mix of austerity and growth policies. Second, a new Elysée Treaty in 2013 that



reaffirms the Franco-German partnership and strengthens the hard core within the core of the EU and the eurozone. Third, the evolution of the left-right 'rapport de force' in favour of the left across the EU member-states and also within the EU institutions and politics, all of which are currently dominated by the right. The ongoing Arab awakening will take time to stabilise but the EU grasped its importance from the outset. Europe's new frontier or horizon will be to organise its 'margins', i.e. Russia, Africa and Middle East.

In the discussion that followed these six interventions, the speakers focused on three issues:

- European neo-colonialism or new forms of association?
- the (ir)relevance of NATO and the case for pan-European security arrangements
- 'middle powers' and the attractiveness of the European 'pole'

Adrian Pabst, Lecturer in Politics at the University of Kent and Research Fellow of the LIEIS, argued that the post-1648 Westphalian system of national states and transnational markets, which inaugurated the hegemony of the West, is in crisis but so far nothing has replaced it. Over time, the rise to power of states and markets has sidelined the three forms of political and socio-economic organisation that have structured the West since Antiquity – local city-states, global empires and the universal Church. Since the 19th century, the growing convergence of states and markets has destroyed the autonomy of the intermediary institutions of civil society and has thereby undermined the social ties and civic bonds on which both democracy and market economies depend. More recently, the collusion of 'big government' and 'big business' has produced a kind of financial and political oligarchy, which in turn has provoked a populist response – from the Tea Party on the right to the Occupy movement on the left.

What Europe requires is not a new social contract that rests on the same abstract rights and formal contracts that have dis-embedded the economy from society and re-embedded the social in the economic. On the contrary, what is needed are new forms of association around shared ends and practices of virtue that can embody perennial principles such as the search for the common good and the quest for the good life. Europe is always already part of an 'international society' that is bound together, not by rights or contracts but rather by the flow of customs, traditions, ideas and practices (including religion) across borders, linking the 27 EU members to Russia, Turkey and the Ukraine. Crucially, the choice is not between liberal humanitarian wars and non-intervention but extends to the exercise of trustee- and guardianship, which centres on the strengthening of civil institutions and civic ties rather than promoting liberal market democracy, A. Pabst concluded.

On the question of intervention, Daniel Vernet, Chairman of Boulevard-Extérieur in Paris, said that Libya and Suez were fundamentally different cases. In Suez, France and UK retreated in the face of a veto from the USSR and the US, which put an end to a colonialist adventure. In Libya, by contrast, they intervened on the basis of a UN Security Council mandate, with no Russo-Chinese support but

also no veto. The real issue is not so much the conditions for intervention but rather the internal consequences for countries where intervention has taken place.

R. Braithwaite remarked that NATO's future depends in large part on the operation in Afghanistan. Failure of this mission, which is on the cards, will raise fundamental questions about the future of the alliance. The US pivot to Asia-Pacific and the lack of defence spending in Europe could well quell Russian fears about NATO. To be sure, NATO could do more interventions like the one in Libya but that does not justify its existence. Here H. Gardner contended that NATO's more traditional role of collective nuclear and conventional defence for Europe involving Article V security guarantees will be restored, and that tensions between an expanded NATO and Russia will intensify, if Russia's defence spending is indeed escalated by President Putin. Heavy Russian defence spending could accordingly draw NATO back to focus on Europe, in effect, making it more difficult for the US and NATO to stretch resources to cover the rest of the world in a time of financial crisis. The NATO-Russia Council and the EU countries that are NATO members need to play a key role in securing better relations and closer cooperation between East and West – in order to prevent NATO-Russian tensions from spiralling out of control.

According to Horst Mahr, Chairman of the Foreign Affairs Association in Munich, Europe's frontiers are fixed for the foreseeable future. Except for the Balkans where there is still a heavy military presence, neither NATO nor the EU will have the capability to intervene on any significant scale. Other forms of association and security arrangements will have to come from elsewhere than the West. Other speakers made similar points, arguing that the EU is not only falling behind the traditional 'great powers' (such as the US, China or Russia) but also new 'great powers' like India and 'middle powers' (including Indonesia, the Philippines, etc.) that represent two billion people. Europe is no longer a pole of attraction for potential migrants (R. Savio). Europeans already face fierce competition from Russians in Eurasia and from Chinese in Africa and elsewhere (P. Bonet).

In response to these comments, the panellists offered some concluding thoughts. B. Guetta acknowledged that we live in an interactive world but the globalisation in the 21st century will be a process of regionalisation. There won't be any global settlement. Therefore the EU has tremendous assets thanks to its close links with other transregional powers in their shared neighbourhood. On the Franco-British intervention in Libya, L. Rühl said that without military strikes against the regime of Col. Gaddafi, there would not have been anyone left in Benghazi to benefit from humanitarian aid. Similarly, NATO's intervention on the Balkans was necessary (both in 1995 and in 1999). Some of the aerial bombing was profoundly problematic, but NATO ended Serbia's war on its neighbours and ethnic minorities. Failure of the NATO mission in Afghanistan will reduce the alliance's international reputation, but the UN counts on NATO for peace-making and peace-keeping operations. A. Bessmertnykh recognised that NATO has had successes but the key question is its growing irrelevance, which is a point that many Western Europeans have made. So far there is no globally responsible organisation that can provide collective defence or build a proper 'security community'.

In conclusion, R. Skidelsky summarised the panel discussions. First of all, it is important to stress the unpredictable nature of the current environment. The Cold War was dangerous but stable. Nowadays there is an underlying uncertainty that applies above all to the economy. Linked to this is the debate about whether Europe is a source of stability or conflict. Traditionally Europe is a peace project but the EU has not been able to create peace on its borders, whether on the Balkans, in the trans-Caucasus or elsewhere. The Union is a symbol for integration and enlargement, but there are growing divisions between the hard core and the periphery, with small countries from the latter being subordinated to the big powers of the former. In terms of security, arguments about the

perceived or real irrelevance or future utility of NATO will continue, especially between European members and Russia. Closely connected with this is the question whether Europe will be part of a globalised world or a regional power and in this context how to define the notion of 'region' and Russia's 'place' within the wider European space. There are doubts about whether Turkey will act as a bridge between Europe and the Middle East or whether it will turn away from the West and follow a neo-Ottoman trajectory. Finally, the shape of the international system remains unclear, but the hegemony of national states and transnational markets seems to be in doubt. With new forms of association gradually emerging, the question is whether Europe will be a neo-colonial power or whether it will be able to exercise some form of trusteeship.



Conclusion

Andrei Grachev, the Chairman of the Academic Advisory Council of the New Policy Forum, wrapped up the formal proceedings by providing a brief summary of the conference discussions. First of all, the world is experiencing a poly-crisis or 'Russian doll' type of crisis where one crisis envelopes another (political, economic, social, cultural). Second, Europe as a whole is like a US bank, 'too big to fail' and also 'too big to bail'. Third, the European crisis can be seen as the result of a global crisis but also the cause of crises elsewhere: the monetarisation of debt and the re-militarisation of East-West relations are two great threats. Fourth, in addition to existing divisions, a new separation beckons – a growing fracture between power and people or, put differently, between politics and the economy, on the one hand, and society, on the other hand. Fifth, the Chinese view is important in terms of global dynamics and optimism, as it goes against Western pessimism and the widespread idea of irreversible decline. Sixth, the case for a new Ostpolitik is compelling: neither an EU diktat nor some form of appeasement but rather the attempt to take into account the aspiration of the post-Soviet, North African and Middle Eastern people. Finally, all societies are in dire need of more imagination and political creativity in order to renew values such as solidarity, innovation, human security and democracy. A. Grachev concluded by recalling M. Gorbachev's idea of creating a working group that can develop policy recommendations for both European governments and European institutions.

A. Pabst
Research Fellow
LIEIS
July 2012

Programme

Friday, 18 May

10.00 – 11.00 Opening session

Introductory remarks: **Armand Clesse**, Director, Luxembourg Institute for European and International Studies

Opening addresses: **Mikhail Gorbachev**, President, New Policy Forum;
former President of the USSR, Moscow
Michel Rocard, former Prime Minister of France, Paris
Viviane Reding, Vice-President of the European Commission,
Brussels
François Biltgen, Minister for Higher Education and Research,
Minister for Justice, Luxembourg
Fred Matser, Founder and Chairman, Fred Foundation,
Hilversum, Netherlands

11.00 – 13.00 I. Plenary session: Challenges

Panel 1: **Threats to the prevailing political and socio-economic consensus:** fragility of the social model; rise of the extreme right; erosion of the middle-class; growing inequalities; decay of the political ethos

Moderator: François Trémeaud

Panellists: Christopher Coker, Jan Kavan, Lothar Rühl, Csaba Tabajdi

Coffee break

Panel 2: **The eurozone crisis:** Implosion or muddling through? Saving the euro – at what price? A multi-speed EU?

Moderator: Mario Hirsch

Panellists: G. Michael Ambrosi, Jean-Pierre Pagé, Theo Waigel, Mingqi Xu

13.00 – 15.00 Lunch break

15.00 – 18.00 II. Plenary session: Opportunities and possible solutions

Panel 1: **A new institutional framework for future Europe?** Back to the sources or a great leap forward? Between super-state and super-market

Moderator: Armand Clesse

Panellists: Rodric Braithwaite, Christian Franck, Philippe Herzog, Zahari Zahariev

Coffee break

Panel 2: **A pan-European political and security community:** A common environment and energy strategy; how to involve citizens, peoples and nations in a new European Social Contract

Moderator: Roberto Savio

Panellists: Vladimir Baranovsky, Mary Kaldor, Anatol Lieven, Karsten Voigt, Wu Jianmin

Saturday, 19 May

9.30- 12-30 III. Plenary session: Europe facing the world

Panel 1: **EU and the wider Europe:** reformed EU, OSCE; desirability and feasibility of regional cooperation

Moderator: Hall Gardner

Panellists: Ruslan Grinberg, Jack Matlock, Hanns W. Maull, Anatoly Orel, René Steichen

Coffee break

Panel 2: **Europe's New Frontier: going East and South?** Russia and the CIS, Turkey and the Mediterranean. Reaching out to the Pacific?

Moderator: Robert Skidelsky

Panellists: Mark Almond, Alexander Bessmertnykh, Gian Paolo Calchi Novati, Bernard Guetta, Mesut Yilmaz

12.30 -12.45 Closing

13.00 Press-conference

List of Participants

Mikhail **Gorbachev**, President, New Policy Forum; former President of the USSR

Michel **Rocard**, former Prime Minister of France

Viviane **Reding**, Vice-President of the European Commission

François **Biltgen**, Minister for Higher Education and Research, Minister of Justice, Luxembourg

Mark **Almond**, Visiting Associate Professor, Dept. of International Relations, Bilkent University, Ankara

G. Michael **Ambrosi**, Professor Emeritus for European Economic Policy, University of Trier

Bruno **Amoroso**, Senior Associate Professor Emeritus, Department of Society and Globalisation, Roskilde University

Sami **Andoura**, Senior Research Fellow, Notre Europe, Paris

Vladimir **Baranovsky**, Deputy Director, Institute of World Economy and International Relations (IMEMO) of the Russian Academy of Sciences, Moscow

Alexander **Bessmertnykh**, Chairman, Russian Foreign Policy Association; former Minister of Foreign Affairs of the USSR

Georges **Bingen**, Representative of the European Commission in Luxembourg

Pilar **Bonet**, Correspondent in Moscow, El País, Spain

Rodric **Braithwaite**, former Ambassador of the United Kingdom in Russia

Gian Paolo **Calchi Novati**, Associate Senior Research Fellow, Head of the Africa Program, Istituto Studi Politica Internazionale (ISPI), Milan

Giulietto **Chiesa**, Editorialist; former Member of the European Parliament

Armand **Clesse**, Director, Luxembourg Institute for European and International Studies

Christopher **Coker**, Professor, Department of International Relations, London School of Economics and Political Science

Asraf **Dulull**, Executive Director, Exon Finance, Port-Louis; former Minister of Information and Communication Technology, Mauritius

Jean-Pierre **Foubert**, Relations Internationales, Région Languedoc-Roussillon, France

Christian **Franck**, Emeritus Professor at the Université catholique de Louvain, Visiting Professor at the Diplomatische Akademie Wien and at the College of Europe

Hall **Gardner**, Professor and Chair of the International and Comparative Politics Department,
American University of Paris

Andrei **Grachev**, Chairman, Academic Advisory Council of the New Policy Forum

Ruslan **Grinberg**, Professor, Director, Russian Academy of Sciences, Institute of Economics, Moscow

Bernard **Guetta**, Political Columnist, Radio France, France

Philippe **Herzog**, Member of the European Parliament; Founding President, Confrontations Europe,
Paris

Mario **Hirsch**, Visiting Senior Research Fellow, European Union Institute for Security Studies, Paris

Mary **Kaldor**, Director, Centre for the Study of Global Governance, London School of Economics and
Political Science

Jan **Kavan**, former Foreign Minister of the Czech Republic; former Chairman of the UN General
Assembly

Martin **Lees**, former General Secretary of the Club of Rome; Rector Emeritus, UN University for
Peace, San José, Costa Rica

Anatol **Lieven**, Professor, Department of War Studies, King's College, London

Valeria **Luchnikova**, Member of the Board, New Policy Forum

Horst **Mahr**, Chairman, Foreign Affairs Association; Vice President of the School of Political Science
at Munich University

Jack **Matlock**, former U.S. Ambassador to the USSR

Fred **Matser**, Founder and Chairman, Fred Foundation, Hilversum, Netherlands

Hanns W. **Maull**, Professor, Chair in International Relations and Foreign Policy, University of Trier

Charles-Ferdinand **Nothomb**, Minister of State; former Minister of Foreign Affairs of Belgium

Anatoly **Orel**, Ambassador; former Foreign Policy Adviser for the President of Ukraine

Adrian **Pabst**, Lecturer in Politics, School of Politics and International Relations, Rutherford College,
University of Kent

Jean-Pierre **Pagé**, Economist, former Senior Advisor at the French Ministry of Economy and Finance

Lothar **Rühl**, Professor, Research Institute for Political Science and European Affairs, University of
Cologne; former State Secretary of Defence, Germany

Roberto **Savio**, Founder and Managing Director of Inter Press Service News Agency (IPS)

Robert **Skidelsky**, Member of the House of Lords, UK

Jean-François **Steichen**, Member of the Board, New Policy Forum, Luxembourg

René **Steichen**, former Minister in Luxembourg; former Member of the European Commission;
Chairman of the board of Directors of SES SA, Luxembourg

Csaba **Tabajdi**, Member of the European Parliament; Vice-President, European Parliamentary
Association; Vice-Chair, Intergroup on National Minorities, Hungary

François **Trémeaud**, former Executive Director, ILO (France)

Daniel **Vernet**, Chairman, Boulevard-Extérieur, Paris

Karsten **Voigt**, former Member of the German Bundestag

Theodor **Waigel**, former Finance Minister of the Federal Republic of Germany

Jianmin **Wu**, President, China Foreign Affairs University

Mingqi **Xu**, Professor of International Economics; Director, European Studies Centre, Shanghai
Academy of Social Sciences

Mezut **Yilmaz**, former Prime Minister of Turkey

Zahari **Zahariev**, President, Slaviani Foundation, Sofia

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