

Working Notes

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Interview with Pat Cox, Former President of the European Parliament

Edmond Grace SJ

Edmond Grace: *Over the past year you have spent some considerable time in Ukraine as EU observer to the Timoshenko case. How is the EU seen in that country?*

Pat Cox: For many Ukrainians, especially the young, their idea of Europe is of modernisation, values, the rule of law – especially the fight against corruption – and opportunity. They also look to their neighbours such as Poland, with a population of 38 million, as against Ukraine's 46 million. After the collapse of the Soviet Union, Poland and Ukraine had similar rates of infant mortality, longevity and GDP per capita. Today, infant mortality in Poland is one-third of what it is in Ukraine. Longevity is 7.5 years greater and nominal GDP per capita is 3.5 times greater. From a standing start twenty-five years ago, these countries are now quite different. Measured in US dollars, Ukraine's GDP is smaller than that of Ireland, which has one tenth its population, revealing an enormous gap but also the huge unrealised development potential of the country.

Ukraine has one real advantage compared to most of its regional neighbours. The scale of mass protest in Ukraine overwhelms the potentially repressive capacity of the state and is a powerful popular check and balance. You would not get anything like the Maidan Square protests in Moscow because Putin would have suppressed it, nor in Belarus, because the President, Lukashenko, would oppress it from the very outset. The Orange Revolution was a big let-down but the Maidan protests are a sign that the spirit of the revolution is still alive in the minds of the people. I can think of no capital in Europe today where, in sub-zero temperatures for several weekends, gatherings of up to one million people would protest in favour of the idea of Europe.

Edmond Grace: *How do you explain the difference between that inspiring scenario and the disillusionment which has come about within the European Union?*

Pat Cox: Let's compare Kiev with Athens. There have also been protests there. In Kiev, the protestors

have a sense of hope. In Athens, by contrast, the feeling is one of hopelessness. There is a feeling of being locked into a system in which they have no say. The consequences have been devastating for the fabric of the economy, for the fabric of society and for the aspirations of Greece's rising generation. The current, and third, bail-out is not the end of the story, will need to be re-visited and appears to offer no hope, no obvious way out.

Ukraine and Greece remind me of an opinion poll that I read, published some years ago in *Le Monde*, which measured opinion around two poles – 'l'Europe, c'est l'espoir?' or 'l'Europe, c'est le désespoir?'. For Kiev and for Athens these two phenomena co-exist: Europe as hope for the one and hopelessness for the other.

Edmond Grace: *Could tease out that one? In Athens, in particular; but also throughout the EU the 'désespoir' is clear but how would you see the 'espoir'?*

Pat Cox: For a very long period, from the time of Schuman, Monnet, Adenauer, De Gaspari, Spaak and others, there was, in effect, a popular elite-lead model of integration in Europe. Integration was seen as vastly preferable to Europe's 'civil wars'. The European idea worked, not with the deepest engagement of the public, but with an embedded permissive consent because it was so much more attractive than the dreadful alternatives. The conditions for that consent have been diluted and this poses a political challenge. The original narrative was about reconciliation and peace, and that is now so profoundly established that, for a new generation, it is almost completely discounted. Young Europeans find it meaningless, not because they do not value peace, but because they have no memory of war – unless they are from former Yugoslavia. Any young person today of working age or college-going age has been born with all the relative freedoms which Europe has to offer.

This change is well illustrated in a story told to me by the late Bronisław Geremek, the eminent Polish intellectual and former Minister of Foreign Affairs. On the day Poland became a full member

of the Schengen Area, he drove over the border into Germany and just kept driving. This man, in his seventies, was thrilled at the wonder of having lived to be able to do such a thing, remembering a time when, on his return to Poland from his lecturing at the Sorbonne, he had to surrender his passport. It is one thing to talk to such a man who cherished such a memory. It is quite a different thing to talk to a twenty-year old Polish citizen today who can afford to buy an old second-hand car or motorbike and take off wherever he or she wishes to go, border free. In these young minds, there is no border. They are less conscious than older generations of Europeans that this freedom is a great gift of integration. It is just part of day-to-day reality, unremarked and so unremarkable.

Meanwhile, we have your questions about hope and hopelessness but also of political legitimacy – these will play out in the May 2014 elections to the European Parliament. In Britain, according to the polls, UKIP is likely to be the largest party. French opinion polls are indicating that Marine Le Pen and the Front National could well be the largest party in France. The party of Geert Wilders in the Netherlands is also tipped in some opinion polls to emerge as the biggest party there. We have the novelty and uncertainty of the Five Star Movement in Italy. There are indications from the Greek polls that the parties from the far right and the far left will out-perform the parties of the centre. In Bulgaria, Hungary and elsewhere, groups of quite extreme character will use the European elections as a platform.

Today's European Parliament is about 20 per cent Eurosceptic and this could grow to 30 per cent or more. Let's suppose that one-third of MEPs were anti-European in the sense in which the current model of integration has evolved and that they were capable of forming a coherent presence in the European Parliament: this would give them more credibility within the institution, more access to media outlets. The conventional parties, seeing their own power base eroded, would begin trimming and tacking to cover exposed political flanks.

On a more technical level, the European Parliament requires the votes of more than half the elected members to pass co-legislation by establishing qualified majorities; a simple majority for co-decision is not enough. This will be quite a challenge for pro-European centre parties if and when they have only 66 per cent of members spread among five or more groups and divided

in their outlook as between more federalist and more inter-governmentalist tendencies in assessing and addressing the way forward. This has to have implications for the nature of consensus-building and compromise.

One positive outcome could be that the Eurosceptic challenge will force the centrists of all political shades to forge a coherent political majority committed to the achievement with the next European Commission of an agreed political programme for the coming period. Other less desirable prospects could also ensue.

Those who look to solutions which call for more Europe, where desirable and necessary, will struggle to find their audience because the soil on which the seed has to be sown will be more barren than it was in the past. I think this could pose the biggest challenge.

***Edmond Grace:** What do you say to those who say 'Europe is the problem'? The sceptics are saying we have too much Europe. Take, for instance, those who speak of the harmful effects of the euro on Spain, Portugal and Greece?*

Pat Cox: Every Member State remains the repository for its constitutional, institutional and political traditions, has its own sense of pride, its own history. It is easy to present Europe as an intruder in this space, even though it is the high contracting parties, the Member States themselves, whose signatures on European treaties have conferred the authority to act on the EU institutions.

The externalisation of blame on Europe, even by conventional or centrist political elites, is a self-evident truth. 'Blame it on Brussels' is not a phenomenon confined to Eurosceptics. Marine Le Pen is an interesting example of how this works. She is a good deal more subtle than her father. She has managed to reach back into a more conservative part of right-wing France in a way that her father occasionally did but could not sustain. She speaks of 'la France perdue' – of past glory awaiting its hour of renewal. The world has changed radically since nineteenth century notions of national sovereignty prevailed. Nostalgia is not a policy but it has a powerful and resonant appeal.

That part of the debate in France, which frequently chooses to blame Europe for so much, is a way of avoiding necessary introspection, a form of displacement for having serially failed to address

essential fundamental reforms at home. The French economy, which still is in many ways a very strong economy, needs modernisation; the welfare system is out of touch with demographic and financial realities and is not sustainable without reform. Yet, irrespective of who is or has been in government in recent decades, there has been a huge and constant resistance to change. There have been changes and reforms, for sure, but they have been more tinkering than radical. I think that the underlying problem in France is an accumulation of undelivered or partial reforms. This has caught up with the French political establishment. The solution will be more *franco-français* than European, in my view.

To return to the more general theme of the euro zone crisis and particularly its impact on the Mediterranean states and most especially Greece and Cyprus: the design of economic and monetary union was unable to cope with its first major crisis and useful lessons are being learnt, particularly on the need for banking union.

Yet it is clear to me, having visited those states suffering the effects of on-going austerity – with no real end in sight – that we have not been able to develop adequate collectivised European mechanisms for the exercise of willing rather than begrudging solidarity across borders. Fault lines which were latent before this crisis are now in full view – between north and south, between the creditor and debtor states, between those with staggeringly high long-term unemployment and those more contented with their current state of affairs. The methods for responding to these challenges remain essentially intergovernmentalist, answerable to twenty-eight national parliaments and national public opinions and constitutional constraints and therefore framed having regard to national interests and preferences.

All this makes it very difficult to ‘europeanise’ and collectivise the capacity to respond to the fundamental economic and social problems faced by Member States in adjustment. I think this remains a core problem. We need to validate ‘euro-realistic’ debates – not sceptical of the ideal of integration but realistic about its current limitations. In some areas, Europe may have become too intrusive in its regulatory order but in other areas it remains weak and underdeveloped. If I might bring it back to the European Parliament election, it should be possible in public discourse to be loyal to the wider ideal of European integration while at the same time being critical of some of its day-to-day

deficiencies, without lapsing into Euroscepticism.

The willingness of the new German Government – not on its own, but certainly starting with it – to embrace the European ideal will be critical. The German economy accounts for 28 per cent of the euro zone. France and Germany make up 50 per cent and will correspondingly contribute 50 per cent to any funding process aimed at reviving and sustaining the European and/or euro zone economy. There is no evidence at the moment of any emerging commitment to significant policy change. The costs of effective solidarity necessarily are high but become modest when judged against the cost of the chaos which would follow a collapse of the euro zone – or indeed the cost of a prolonged period of economic stagnation and social distress that could occur even without the collapse of the euro.

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There is another factor at work in Germany – the Federal Constitutional Court in Karlsruhe. It insists that the German taxpayer should contribute to European funds only when the relevant committees of the Bundestag have been consulted and either they or the Bundestag have voted in favour. So the German Chancellor, though powerful in the scheme of things, is not a free agent even if her analysis inclined her towards the view that more should be done, something not greatly in evidence in the measured and cautious crisis-response so far.

We are in a better place than we were a few years ago. Lessons are being learned. There are new rules emerging for bank failures which will require bondholders and depositors to pay first before imposing costs on the taxpayer and further finance from a common bank resolution fund would be available after exhausting Member State national remedies.

But I doubt if the EU would be well placed right now to face a similar crisis were it to happen again. The sum being talked about for a common resolution fund is of the order of €50 billion, to be raised over a period of ten years. Ireland paid out

€64 billion to address its admittedly chronically bad banking situation but, as a state, Ireland accounts for only about one per cent of the economic weight of the euro zone. Huge as €50 billion is, when compared to the recent Irish experience it seems inadequate to the task in hand. At the moment, it is the best available suggestion and inevitably is much better than nothing at all but should not lead to exaggerated expectations that a sustainable solution has been found.

Against a background of diverse economic interests and divergent social impacts of the crisis, the best available policy responses to the crisis risk more and more to settle for the politics of the lowest common denominator. Herein lies one of the greatest challenges and risks for the future of European integration: how to find policy tools for the policy tool kit adequate to the scale of the task.

Edmond Grace: *When you talk about the lowest common denominator – a kind of downward spiral of solidarity – to what extent do the structures which we have inherited through the Lisbon Treaty contribute to this? What needs to change? After all, things could change very quickly in one direction or another.*

Pat Cox: The biggest formal beneficiary in the text of the Lisbon Treaty was the European Parliament – gaining full co-decision with the European Council in legislative and budget-making matters. However, I believe that the biggest political change has been the establishment of the European Council as an institution of the European Union with a permanent Presidency, led by President van Rompuy. It and ECOFIN (the Council of Finance Ministers) – and in particular the euro zone part of ECOFIN – have been the drivers of the policy response to the economic and financial crisis. The Commission and, in particular, Ollie Rehn, Commissioner for Economic and Monetary Affairs and the Euro, and one of the Commission's Vice-Presidents, have gained substantial new powers of budgetary supervision and cross-national accountability. But on key elements, such as issues of solidarity and growth, decision-making remains essentially intergovernmentalist.

This intergovernmental part has, to a degree, diminished or marginalised the exclusive legislative prerogative conferred on the Commission by the EU Treaties. The Commission increasingly plays the role of policy secretariat, executing more than framing policy, and in consequence the vital

ingredient of discerning the common interest, one of its strengths in the past, is labouring under the strain of the divergent interests of Member States for whom intergovernmentalism is the policy-making method of choice. The Commission has been given new powers but more as administrator than leader. I see no imminent prospect of change or any evidence of an appetite for change among those best-placed to give a lead. I may be wrong. I hope so.

Edmond Grace: *Would it be fair to say that you see European solidarity as being, at best, on the back burner? Is it weakened?*

Pat Cox: It is not that it has weakened but rather that this part of the agenda has not strengthened in step with other elements in responding to the crisis. New budgetary and banking rules have been, or are being, designed with vigour, seeking to establish the rules of engagement for a new equilibrium but the current profound disequilibrium and asymmetry are not being addressed.

This new equilibrium is indispensable but who is going to address the glaring asymmetries today, with their grave political, economic and social consequences? Who will assist those Member States trapped in crisis now and unable unilaterally to break free? Greece has no capacity on its own to tell the 55 per cent of young Greeks aged under twenty-five with no job that they can do anything meaningful; it doesn't matter who is in government there. The state is overwhelmed. This is replicated – more or less – across the Mediterranean area. New rules are needed, but on their own they cannot provide a mechanism to get out of the asymmetric effects of the crisis.

There is no shortage of official papers on this subject but the acid test is not the volume of words but the volume of finance. One can formulate policy papers about coordinating national policies but the reality is one of massive social inequality, more and more families in poverty, growing disillusionment. Tough fiscal policy, though necessary for financial sustainability, is not the complete answer for a Member State overwhelmed by crisis and in absolute need. Speaking as someone with a strong sense of the European ideal – in no way as a sceptic – this is a profound flaw for which there must be some form of collective responsibility.

Edmond Grace: *When Ireland joined the EU there was that sense of solidarity – a generosity – from*

which we benefited. We had to do our own building up; there is no sense in pouring money in just for the sake of it, but now there seems to be nothing.

Pat Cox: Not on the scale required. I have no issue with what Europe is doing to clean up the mess. I have no issue with aiming to find a new and sustainable equilibrium, but who is addressing the asymmetric consequences of the current crisis as an indispensable part of the pathway to the new equilibrium? This element of the crisis is insufficiently addressed, in my view. This is not just about money. Greece has a dreadful public bureaucracy, it has a chaotic black economy and much needs fixing. One cannot just pour good money after bad but nor should one presume that, while fixing what is broken, addressing the underlying problems will be cost-free.

Effectively, the available, as distinct from the desirable, answer is intergovernmental. Intergovernmental answers are constrained by twenty-eight parliaments and twenty-eight public opinions and twenty-eight constitutional settlements in twenty-eight Member States. Any further Europeanisation beyond what has been agreed will require significant treaty change with a substantial additional 'slice' of Europe. In the rough and tumble of politics in the next few months one has to ask the question: 'Is this an auspicious political environment in which to plant the seed for more Europe?' It is an edgy and uneasy moment. I suspect we will muddle through – a phrase I hate, but it is accurate – and if there is no further severe external shock to our economies we may get there. If you have any belief in Europe you have a duty of optimism.

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Pat Cox was a member of the European Parliament 1989–2004, and was President of the Parliament from 2002 to 2004.

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