

■ Frontiere liberali ■ *Le rassegne bibliografiche specialistiche di «Bdl»*

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Europa. La dernière chance de l'Europe

by Valéry Giscard d'Estaing

INTRODUCTION

In the wake of the European Economic Crisis, several intellectuals tried to sketch ways out of the actual political-economic and institutional *impasse*. This exercise has often been coupled with an attempt to deliver *visions* for—and of—Europe. The volume *Europa. La dernière chance de l'Europe* (Paris, XO Editions, pp. 188), written by Valéry Giscard d'Estaing (with a preface of Helmut Schmidt) and released in November 2014, can be considered as part of this vast literature.

The book is a political pamphlet which aims at providing the European political class and citizenry with a normative compass, means for the definition of a future oriented and sustainable European integration process. The signature the volume holds is cumbersome in kind: Valéry Giscard d'Estaing served as President of the French Republic between 1974 and 1981, as member of the European Parliament from 1989 to 1995, and is nowadays a member of the Constitutional Council of France.

The structure of the book can be divided into three main parts. The first one, which follows a preface written by Helmut Schmidt, deals with a historical reconstruction of the European integration process, from the post WWII period until the signature of the Maastricht Treaty in 1992. D'Estaing highlights particular key historical junctures, personal political experiences and exchanges of views between different national leaders in a narrative fashion. The following and second part is a critical analysis of the post-Maastricht integration process. Much emphasis is given to the negotiations and outcomes of the Nice Treaty of 2001 and the subsequent constitutional phase which ended with the signature of the Lisbon Treaty. This section can even be interpreted as the *pars destruens* of the book insofar as it criticizes the European integration process as it has been shaped by national political leaders and the EU bureaucracy after 1992. The third and last section represents the *pars construens* of the pamphlet to the extent d'Estaing presents his vision for the future of Europe and describes which kind of institutional innovations would bring the European integration process back on a virtuous path.

The review is structured as follows. In section 1, I focus on d'Estaing's analysis of the current state of affairs of the EU integration—*pars destruens*—highlighting the main points of his critique. In section 2, I describe the solutions envisaged by the former President of the French Republic in order to supersede the political and institutional

impasse introduced in section 1. In the conclusions, I try to highlight the strengths and weaknesses of the pamphlet.

1. *PARS DESTRUENS*: THE NICE TREATY AND THE EUROPEAN COMMISSION

D'Estaing divides the process of EU integration into two large periods. He metaphorically defines the first one as a “straight line” (*ligne droite*) which ended with the creation of the Euro and the signature of the Stability and Growth Pact (Maastricht Treaty). According to d'Estaing, this phase had been coupled with a constant opening of the EU institutions to democratic practices, such as the extensions of the powers of the European Parliament after 1979. Moreover, the author argues that during the “straight line era” the public opinion perceived the construction of a European citizenship boundary as a positive trait of the integration process.

The second period, which thus chronologically follows the Maastricht Treaty, is described in terms of an unclear “circular movement” (*mouvement circulaire*, p. 80):

The “straight line” period had been replaced by a circular movement and with the adoption of contradictory and confusing objectives. The turn came about as a consequence of different factors: the fall of the URSS, the US-driven tendency to deregulate the banking sector, the disaffection of the political class impoverished by leaders who were increasingly looking for national and short term returns; the use of Europe as a scapegoat, and, on top of this, the acceptance of the idea that the integration path which had been realized by a dozen of countries could be extended to thirty, or so.

D'Estaing interprets the signature of the Nice Treaty as *the* critical juncture shifting the integration process on a weak track. More specifically, he describes the European Council, held under the French presidency the 26th February of 2001, as a critical *momentum* marked by a harsh conflict between Gerhard Schröder and Jacques Chirac, the two political leaders guiding the governments of Germany and France.

At that time, the issue at stake was the balance of power between Germany and France inside the European institutions. In particular, the main debate dealt with the number of MEPs which should have been assigned to the reunified German state in the European Parliament. After a harsh discussion, so goes the narration of d'Estaing, the parts agreed to enlarge the European Union towards a whole block of eastern countries. The decision was pushed by the French government as an attempt to limit Germany's power inside the EU institutions. As d'Estaing recalls, this decision caused a quantum leap in the enlargement process. Indeed, it turned the EU into a 27 Member States union.

D'Estaing describes this event very critically. He states that the Nice Treaty introduced a “worm” into the “fruit” of the European Union (*“Le traité de Nice avait introduit le ver dans le fruit de l'Union européenne”*, p. 88). In particular, he underlines that the new wave of enlargement made the EU-system ever more “ungovernable” and boosted the public consensus of nationalist political parties by accentuating the cultural differences present in the Union (p. 133).

As a consequence of the decisions that were taken during the negotiation of the Nice Treaty, according to d'Estaing, today the European Union runs the risk of being gradually displaced towards a grey area of media silence and public dissatisfaction.

He rapidly enlists what he thinks to be some key manifestations of this decline. In the first place, he points the finger against the low voter turnout recorded at the last European parliamentary elections of 2014 and the rising share of preferences directed towards eurosceptical parties. Secondly, he remarks the disappearance “of the mighty European rhetoric” (“*du recit mythique européen*”): political leaders shifted their communicative strategies away from the concept of “peace” (the leading theme since WWII) towards repetitive slogans. Thirdly, he sees with a critical eye the increasing difference in terms of economic development between Germany and France, whose political representatives have since ever been the leaders of European integration.

On top of this, d'Estaing proves to be critical even towards the political and institutional strategies which have been put in place at the edge of the last European Parliament elections of 2014 in order to reverse the negative trend of public interest in EU affairs. In particular, he defines the decision taken as of the 27th of June 2012, which practically turned the nomination of the European Commission's President from a European Council's prerogative into a direct election process, as nothing less than a “blow of state” (*coup d'état*, p. 138). D'Estaing accuses the Brussels-based lobbies and the media industry to have fostered the implementation of a political practice which is countering the original prescriptions of art. 17 of the Lisbon Treaty. In his opinion, the vision of these lobbies consists in “managing the political organization of Europe by means of a federal dispositive controlled in Brussels” (p. 140).

Whereas the former President of the French Republic defines the Brussels lobbies' driven integration process as characterized by “Napoleonic traits”, he argues that any European federative process has necessarily to be shaped in a bottom-up fashion. D'Estaing takes the process which led to the adoption of the common currency, the Euro, as a benchmark episode in the history of European integration. Consequently, in his pamphlet he pledges for the adoption of a strategy of progressive transfer of competences from the national to the Euro-zone level.

This delegation process should be guided by a new federative body, namely *Europa*, which should gather exclusively the Euro-zone Member States into a new *core* institution. In other terms, *Europa* is meant to be the institutional vehicle for building a deeper integration among the founding nations of the European Community, which would thus reinvalidate the integration process of the EU at large.

2. EUROPA

The weakening of the tenure of European cultural, spiritual and social values on the one hand, and the demographic push stemming from emerging countries like China on the other one, are the conceptual elements triggering the elaboration of d'Estaing's “grand vision”.

Europa is broadly conceived as an additional institutional layer which would bound together first of all the founding nations of the European Community (read ECSC),

namely Germany, France, Italy, Belgium, Netherlands and Luxembourg. However, in d'Estaing's vision, other six national states, namely Spain, Portugal, Ireland, Austria, Finland and Poland, would as well immediately join this new federative body.

As mentioned above, much of d'Estaing's critique is directed towards the European Commission and the Brussels-based bureaucracy. Thus, when he touches upon the concrete organization of the new federation called *Europa*, he clearly states that this institution shouldn't have common traits with the former. By means of a comparison he states (p. 163):

[*Europa*] ... isn't related to the institutions running the EU28. The latter aren't able to spur the integration process and are not concerned with the disappointing results of the European Elections which showed, once more, the frustration of the citizens in front of a crisis the EU hasn't been able to manage.

As he puts it, *Europa* should be independent from the EU28 institutions, limited in scope, but of a crystal clear nature to any single European citizen. *Europa's* objective would be (p. 164):

To achieve the economic and monetary integration of the Euro-zone as to make it a leading global actor of the XXI century. This is the final objective we advise to aspire to and which is understandable by every single citizen of the Euro-zone, from the most influent to the ordinary ones.

Who should push for such an institutional innovation? The political leaders of the six founding members of the ECSC in the first place. These should ideally address the other members of the Euro-zone in order to proceed with a quantum leap in the integration process.

The institutional structure

Concretely, the national Prime ministers of the Member States would form what d'Estaing calls the *Directoire* of *Europa*, an institution which can be figured as a European Council restricted to the Member States of *Europa*.

D'Estaing wants explicitly to hinder the creation of a horizontal body, such as the Commission, mediating between the *Directoire* and national administrative bodies. The *Directoire* should indeed be directly accountable to—and in touch with—the national administrations and would gather regularly once in a month in Strasbourg.

The *Directoire* would represent the leading voice of *Europa*. It would count on a President, which would probably be a representative from the core States (read bigger ones) and a Vice President from the smaller ones. These two figures would lead the operations of the institution. The President should give up any national political role and could be re-elected for a second term after the first four years.

According to d'Estaing, inside the *Directoire* the decision-making process should be based on a double majority voting scheme: every decision should be backed by a number of Member States accounting at least for 60% of the population basis and by a critical number of Member State votes, as to protect smaller States interest. No veto option would ever be at work inside *Europa*.

Strikingly, d'Estaing argues that all the latter innovations could be realized without any treaty negotiations (p. 172). At most, the author suggest that the national leaders, members of the *Directoire*, could propose to the respective national parliaments to sign an “economic integration chart” (p. 174).

Rather than dealing with a technical discussion of the legal aspects linked to the construction of *Europa*, d'Estaing seems much more concerned with the potential public reactions to this institutional breakthrough. Indeed he considers the support of the general public, and thus of the single European citizens, as an absolute priority and necessary condition for the realization of *Europa*. As he states, granting the approval of the majority of European citizens would be the only way to cut down any eurosceptic critique. In other terms, the project should be interiorized by the citizens themselves.

How to reach this political junction between the newly created *Europa* and the general public?

According to d'Estaing, the “democratic practice” is the only tool which connects the holders of power with the people and it has consequently to be suited at the core of *Europa*. He pledges for the creation of the *Congress of the People of Europe* (“*congrès des peuples d'Europa*”, p. 177) which should be composed by European deputies (1/3) and national deputies (2/3). This assembly would gather once a year as to listen to the *Directoire's* President “State of Integration” speech.

The debates would be public and transparent and should be the *loci* where national leaders (thanks to a strong mediatisation process) push for the emergence of a *European political society* (“*société politique européenne*”, p. 178). After a while the Congress could become responsible for the election of the President and the Vice President of the *Directoire*. It is important to specify that the Congress would not replace the European Parliament.

It is clear that d'Estaing holds the economic sphere and the intergovernmental method as main drivers of a strengthened integration process. He himself makes this point quite clear (p. 175):

Towards what kind of power arrangement are we heading? The answer is given by the very same definition of the system: a federation of nation-states, holding their identities and jointly managing a set of competences shifted to the federal level.

More specifically, d'Estaing takes the Monnet method as its point of reference.

Summing up, according to the former President of the French Republic, *Europa* would be the means to a truly economically integrated and monetarily unified Europe. *Europa* would take the shape of a federative union which would rely on the communitarian method as its procedural guide.

If the *Directoire* represents the executive actor and the symbolic trait of this renewed EU integration process, d'Estaing describes as well what he imagines to be the legal core of its institutional construct. Three main boundaries, namely a monetary, a budgetary and a *fiscal union*, would hold together the different Member States. These three layers would be backed by a European Public Treasury which should enable some sort of resource transfers between the Member States.

Monetary, budgetary and fiscal union

All in all, d'Estaing proposes to rewind the integration process back to the beginning of the nineties. That's why he partially sees in the provisions of the Maastricht Treaty the legal ground on which to set up *Europa*.

D'Estaing backs the original formulations of the Maastricht Treaty and the monetary union. His most important remarks are consequently future oriented. His fundamental concern is to avoid a further enlargement of the monetary union beyond the inclusion of Lithuania and Poland.

He explicitly states that no ulterior access to the monetary union should be previewed during the next ten years. Moreover, he pledges for the organization of a preliminary referendum (with 2/3 majority rule) in any country which will request to enter the monetary union. This would guarantee that the relative populations bear in mind the consequences of such a structural change for their economies.

As far as regards the concrete running of the European Central Bank, d'Estaing pledges for the creation of an accompanying banking regulation, which should hinder speculative transactions.

As for the budgetary union, d'Estaing sticks to the SGP (Stability and Growth Pact) agreement of the 2nd March 2012, which fosters the enhancement of the original Maastricht criteria (p. 149):

Contrary to what has been stated in the frame of recent disinformation campaigns, [the Maastricht Treaty] doesn't strip off the States' freedom of choice in setting their budgetary priorities: it limits the overall amount of expenditures in a way to make them compatible with the stability of the common currency and as to hinder the comeback of financial troubles as it happened during the last years.

D'Estaing underlines that until today the promise to stick to the Maastricht Treaty's deficit rules has been constantly broken by the Member States. In his opinion, the European Commission has constantly accommodated its watchdog role towards the needs of the infringing countries. Why did it do so? Notwithstanding the low attention deserved to the issue by the public opinion at large, in d'Estaing's opinion, the European Commission's decisions have ever been influenced by the fear of reactions of the Member States. That's why he suggests to introduce a procedural change in the institutional working: the approval of the national budgets should become a prerogative of the newly established governmental council, the *Directoire*. The approval of national budgets would have to be negotiated directly by governmental leaders, who, at the end of the day, are those paying for others' countries deficits. The latter practice would decrease the possibility to infringe the deficit rules. More specifically, d'Estaing suggests that while the examination of the single governments' budgets would continue to be conducted by the European Commission, the final approval would directly fall under the responsibility of the *Directoire*.

D'Estaing sees the realization of the *fiscal union* as the most difficult stage in the frame of this enhanced integration process. At the same time, he thinks that it would be the most welcomed action by the public opinion.

Indeed, d'Estaing foresees a leading critique which would mount on the edge of this institutional innovation: taxation policies represent the core of national parliamentary

workings. Thus the introduction of a *fiscal union* would undermine the very founding principles of national democratic political systems.

Although this may be true in theory, d'Estaing claims that, already nowadays, national fiscal administrative bodies enjoy a complete autonomy over fiscal decisions. Moreover, he argues that national parliamentary workings are poisoned by lobbying activities. In other terms, he thinks that the *sovereignty* topic could even be used as an argument for further integration and the final delivery of a *fiscal union*.

Which taxes should move into a unified Euro-zone administration? According to d'Estaing, all those relative to earnings and rents such as business, inheritance, value added and solidarity taxes. The first stage of the process would be to identify, for each nation-state, the relevant list of taxes which would fall under harmonization process; secondly, a common fixed level of taxes should be identified by the *Directoire*. Here, d'Estaing's main concern is the consequences such a deep structural move could have on the stability of national public finances. That's why he sketches a medium to long run differentiation in the application of the harmonization process. This twofold path should enable a smooth transition to a complete fiscal harmonization. More in detail, he envisages a first period—lasting about ten years—wherein all the Member States ought to constantly reduce the difference between their actual tax levels and the commonly identified objectives. The second one, to be set in force between 2025 and 2030, would see all Member States set their tax levels on the specific agreed term.

D'Estaing's final objective is “to ease-off the difference between the total amount of local and regional labour, business and housing taxes within the Euro-zone, in such a way that it will enable to live in a common space of fiscal equality” (p. 154).

D'Estaing argues that this project would be easily shared by the public opinion as it recalls basic values of justice. Obviously, there would be a whole round of political discussions between different national leaders. These would deal with the issue of how a fair tax system should look like. The debate would ultimately represent the clash between the principles of equality and the interests of specific lobbies.

D'Estaing specifies that the internal structure of *Europa* would count upon a General Secretary and a Special Committee made up by the General Directors of the national fiscal administrative bodies. The latter would dedicate themselves to the realization of the convergence process in *fiscal* and *budgetary* terms. The project would be communicated to the Euro-zone Finance Ministers and finally proposed to the *Directoire*.

Solidarity in Europe

Strikingly, d'Estaing only briefly touches upon the issue of social transfers in the frame of its *fiscal union* project. He pledges for a progressive alignment between the different social models in terms of working age retreatment, for example. However, he states that social provision politics' are too heavily linked to different national contractual arrangements. To him, it seems difficult to adapt all the latter during the initial stage of fiscal harmonization.

Moreover, the former President of the French Republic rejects the idea of introducing “eurobonds” into this framework as it has been discussed in the European public opinion arena. He defines these proposals as “premature” and “absurd”. The author wonders

which government would be responsible for paying back the lenders at the end of the day. Moreover, he asks why these “eurobonds” should ultimately be more attractive than ordinary national bonds to the eyes of investors. D’Estaing proposes a more cautious path, which would imply the issuing of common bonds only once the national budgets deficits have been harmonized and brought under control (p. 158).

However, even the latter option would represent a quantum leap in the integration process to the extent it would imply the setup of a European Public Treasury. D’Estaing compares this process to what happened at the end of the eighteenth century in the United States of America under the leadership of Alexander Hamilton (p. 159).

When it comes to define a European common policy giving a concrete shape to the concept of *solidarity*, d’Estaing takes as a benchmark the provisions of the German *Grundgesetz*, of 1949. The German Constitution states that a “homogeneity of life conditions” should be reached and maintained in the federal territory. The already mentioned *tax harmonization* process would be the first step into the right direction. However, at a later stage, d’Estaing imagines to couple the latter with a mechanism of financial transfers. In practical terms, d’Estaing proposes to establish a transfer mechanism. By means of the latter, each national Member States of *Europa* should be able to manage economic resources equalling 75% of its full tax income potential.

3. CONCLUSIONS

If compared to the plethora of publications dealing with the euro crisis, this volume by Giscard d’Estaing stands out for several reasons.

In the first place, there’s a lot of emotional charge that transpires from the pages of this book. The first part of the narration is embedded with flashbacks from the golden years of European integration (read sixties and seventies) and traits of nostalgia. Sometimes it simply feels good to discover history by means of some uncovered personal details. The fortunate effect is the one of turning the institutional face of the EU history into something near to the lives of its citizens. However, far from being just a chronicle of the good old days, d’Estaing turns his style into a vehement one in a matter of pages.

This is when his *pars destruens* starts. Two elements of the latter deserve a special mention in a comparative perspective with other publications on the euro crisis. If much of the contemporary literature underlines the weaknesses of the Maastricht Treaty as “the” institutional problem of the EU, the former President of the French Republic has a radically different take. According to him, the “worm in the fruit” is the Nice Treaty of 2001 which fostered an un-rational enlargement process towards the East. Given his right-wing political background, it is not much of a surprise, though, that d’Estaing underlines the problems of “cultural differences” inside the EU.

Much more striking, instead, are the criticisms directed towards the European Commission which is taken as the main endorser of the enlargement of the external borders of the EU. Far from being politically correct, d’Estaing almost draws from a eurosceptic vocabulary in his *j’accuse*. Politics of “Napoleonic traits” and “lobbies of Brussels” are expressions that seem very much to derive from a eurosceptic political standpoint. More-

over, his extreme positioning in the debate dealing with the “direct election of the President of the European Commission”, defined as nothing else than a “blow of state”, makes the former President of the French Republic stand out as anything but a representative of the mainstream.

However, the volume remains a political pamphlet and as such it has a precise objective: tracing a *route*, a “vision for Europe”. Unfortunately, if the criticisms of d’Estaing are a punch in the face, his *pars construens* is much less convincing.

According to d’Estaing, there are two opposing institutional tendencies at work in Europe, each of which is affiliated with a specific vision of Europe and endorsed by specific political actors. The first tendency is the one which sees the EU developing as a “big area of free trade and exchange” and which is coupled with a vision rejecting any further institutional integration process. D’Estaing cites the United Kingdom as the principal endorser of this perspective. The second tendency points towards “a new stage of the integration process—in line with the Schuman-Monnet project—by means of which the Euro-zone becomes an economically integrated space, similar to the other great economic forces of the XXIst century” (p. 124). D’Estaing perceives himself as an ambassador of the latter vision.

D’Estaing himself offers a small panorama of the publications he judges to be direct ideational competitors to his own vision in this sense. In particular, he cites the broad reform proposal, *Refaire l'Europe*, made by the think tank Synopia and the vision envisaged by Guy Verhofstadt and Daniel Cohn Bendit in *For Europe*. Other “intellectual collectives” suggested by d’Estaing as comparative resources are the German *Glienicker Gruppe* and the French *Eiffel Group*.

D’Estaing argues that for all the latter reform proposals to become concrete, specific feasibility conditions are lacking. On the one hand, he remarks that the objectives comprehended in these reform proposals aren’t able to capture the general interest of the public opinion (“*absence d’objectifs susceptibles de capter l’intérêt de l’opinion publique*”). On the other one, he argues that there’s but a little chance that they are going to be endorsed by political leaders (“*à la simple lecture, il n’a que peu de chances d’être prise en consideration, et encore moins d’être adoptée par les dirigeants actuels, et par l’opinion publique européenne*”, p. 122). It is important to remark that for the same reasons d’Estaing neither supports the political incrementalism option, *à la Habermas*.

However, it remains obscure why d’Estaing’s proposition of *Europa* should be more convincing than the other ones. In particular, the only argument he brings to the fore, when it comes to bring the EU citizens on his side, is externally directed, that is: “Europe has to globally compete with other economic forces”. Moreover, when d’Estaing talks about triggering a European wide public support, it is clear that he only thinks about the public opinions of say France, Germany, Italy and the Benelux countries. Why should the people, not to mention the political leaders, from say *periphery* countries accept such a move? Moreover, if *Europa* on the one hand seems tailored on the Euro-zone, on the other one it falls short of it since it is built upon 12 and not 18 Member States. How to exclude Estonia, Greece, Latvia, Lithuania, Slovakia and Slovenia? Moreover, d’Estaing doesn’t take into account some rather paramount issues as the Greek debt problem (by the way, Greece would not take part to *Europa* as of d’Estaing’s formulation) and the geopolitical concerns related to Russia and Ukraine.

From an institutional perspective, instead, d'Estaing basically suggests to rewind history back to the Maastricht days and to re-start the integration process by means of two separate institutional layers (basically it appears to be a renewed formulation of a *two speed-Europe*). Indeed, in his own formulation, there should somehow be room for both, the “Congress of the people of Europe” and the *Directoire* on the one hand, and the European Parliament and the European Council on the other one. If the former President of the French Republic initially admits to be worried about the EU28 falling into a grey area of media silence, it is difficult to understand how the institutional moves he pledges for should heal rather than worsen this outlook. Moreover, would it really be easier to implement such a process of duplication of institutions, rather than convincing the EU citizens to increase the powers of the EU-Parliament, say *à la* Habermas? Any positive answer would have to rely as much on faith as on reason.

However, as d'Estaing himself puts it, this pamphlet is just a first step tracing the general contours of a vision. He leaves it up to the younger generation to build *Europa* in its details.

All in all, the volume deserves a lot of attention because it represents one of the few attempts made by European national leaders to change the EU-institutional status quo. Indeed, most of the recent publications on the euro crisis have been proposed either by think tanks, public intellectuals or European MEPs. For the very same reason, the issues they dealt with (broadly speaking, the institutional architecture of the EU) have mostly been considered as a concern of inter-national elites.

On top of this, if we admit that nowadays the majority of offenses to the EU-institutional order come from eurosceptic parties and politicians, the appearance of truly Europeanist, but not naïve, interpretations of—and visions for—Europe should be most welcomed.

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