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**„ THE EUROPEAN TREATIES REVISITED:
WHAT ROLE FOR EUROPE IN THE GLOBALISED WORLD?“**

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- 1 It is a great honour to me, and indeed a pleasure, to be able to join you today and to address this assembly. I particularly thank the board of the Walter Hallstein-Institute for European Constitutional Law for extending this invitation to me, and the Humboldt University for hosting me.
- 2 This University, almost two centuries old, has an enormous prestige that knows no borders. If you recall that men like Hegel, Einstein, Planck, von Bismarck, Marx and many others have tied their names to the history of Humboldt University, it is understandable that I feel privileged to be here today.
- 3 On the other hand, The Walter Hallstein-Institute for European Constitutional Law has been giving a most significant contribution to the research and debate on crucial questions regarding European constitutionalization. Before I came in, I was looking at a list of speakers who will follow me in this round of conferences dedicated to European Integration and it was not a surprise to find illustrious names like Jacques Delors or António Vitorino, the Portuguese Commissioner at the European Commission, a former Minister in my Government.
- 4 Once again, I am sincerely honoured for the opportunity to briefly share with you some comments and views on the challenges and problems experienced by the contemporary world, especially by Europe.

- 5 We live in a global world facing two major problems: to define the situation in short, I would say that ours is a world which remains politically unstructured and economically deregulated. Let me try to explain why.
- 6 It is politically unstructured because there are no strong political organizations and there is just one single hegemonic power. It is economically deregulated because the development of a global market was not complemented with the introduction of adequate forms and mechanisms of regulation.
- 7 If you look at the way national markets function, you will realize that they are regulated or overseen by the State and by a number of laws. Furthermore, it is constantly scrutinized by the civil society. In other words, there are a number of control procedures that guarantee what we call "national cohesion".
- 8 On the contrary, if you look at the global market you will see that there is nothing comparable to a State structure intervening as a regulatory mechanism and, perhaps even worse, that the international organizations designed to monitor this market remain, at least for the moment, too fragile to do it effectively .
- 9 Moreover, there is not a "world civil society" equivalent to the ones we cherish in our own countries and with the same capacity to play a significant role, although here and there some hints of a "global consciousness" on specific subjects – like environment protection, for instance – seems to gradually emerge.
In other words: this global market as it stands is not, in my view, proving to be able to guarantee stability, democracy and the respect for human rights. These are the essential values that must be fully protected and enhanced.
- 10 The picture gets even more complex if you bear in mind that our economically deregulated world is set against a scenario of increasing wealth, productivity and trade but, simultaneously, of world spread poverty and the deepening of the dualism between rich and poor regions of the globe. This is also felt in several individual societies where some regions or sectors face the risk to lag behind others. The fact that globalization is taking place in a period of transition to the so

called knowledge based economy worsens the situation.

- 11** It seems somewhat contradictory that, while knowledge has become the main factor for creating wealth, it is also mainly responsible for deepening the gap that separates the rich from the poor and creates a new class of “excluded citizens”.
- 12** In a process with some points in common with the eighteenth century industrial revolution, we are at a time when new information technologies are speeding up an incredible amount of knowledge in an unprecedented way and injecting it in the productive and social processes. Not very differently from what happened during the industrial revolution, with some traditional sectors lagging behind those who could benefit from the introduction of machinery, we see now some countries or regions being excluded from this new economy based essentially on information technologies. They are the “info-excluded” regions or countries of our days.
- 13** This is, I believe, the state of the world. I did not qualify it because we are dealing with concrete facts, and the reality of facts cannot be discussed. However, this does not necessarily mean you should not regulate globalization. Quite the opposite, indeed. And then you can rightly ask how can we regulate globalization.

- 14** Let me submit to you some ideas in this regard. I said before that our contemporary world is a politically unstructured one. This means that if we wish to set up some kind of structured regulation acceptable by all, one of the first things we need to do is to strengthen the role of the international organizations or, at least, of some of them. In fact, based on their own process of creation, nature and objectives, international organizations have an acting legitimacy that tends to be universally accepted. But it is not enough to strengthen the role of the international organizations.
- 15** We also need to build up a political architecture that, instead of being based on the existence of one single power, should rather lay on various and mutually balanced centres of power. The construction of a multipolar world should therefore be a priority. Moreover, I am convinced that a multipolar world will greatly facilitate the introduction of a regulatory framework to the global economy.
- 16** Let me tackle just the point related to the need to reinforce the role of the existing international organizations. We all know that in what concerns the regulation of international relations the United Nations has a specific and particular responsibility. We all agree that since its foundation, the United Nations and its subsidiary agencies and organizations have played an irreplaceable role in keeping peace, in promoting and defending human rights, in caring for that part of the world population still struggling for development and progress.
- 17** Also it is no secret that, particularly after the end of the cold war and because of its current composition, the UN Security Council is now deemed unfit to fully accomplish its mandate according to the Charter. Therefore, many observers argue that the Security Council is now somewhat lacking in legitimacy to act or even speak on behalf of the international community.
- 18** However, this is not the big issue, since the vast majority of UN Member States – if not all – agree that a Security Council reform is urgently needed. No doubt a bigger issue is the debate on how far the reform should go, which path should follow, which new members should join in, should the veto power remain on the hands of the current five permanent members. I do not intend to go deep into this

- debate now, although I sincerely regret that it has not yet been possible to agree on a consistent reform that can be accepted by all.
- 19** But I can assure you that I am among those defending that the Security Council should be expanded to better reflect the international reality of today. And that I also strongly advocate for Germany, alongside others, to become one of the new permanent members of this body.
- 20** It is not only the UN and the Security Council that need reform. I have already said several times in the past that the role of the Bretton Woods institutions should be reviewed. It is true that some progress towards adapting these institutions to meet the aspirations of developing and transitional economies has been achieved. However, there is still some way to go in this process. A new Bretton Woods framework must be able to sustain global growth and employment, reinforce social rights and welfare, protect and enhance the environment, and ensure regulation and accountability of financial markets at world level. To sum up: more resources, new terms of reference and clearer roles are still needed.
- 21** There is also a social and environment dimension on the World Trade Organization that should be preserved. We want both more trade and fair trade. This does not mean introducing new protectionism measures or barriers, or to impose binding salary levels or working hours, rather to protect fundamental rights as a guarantee that conditions are in place for a fair trade.
- 22** The International Labour Organization also needs to be reformed in order to better enhance its role in improving workers labour conditions and rights worldwide. This point seems to me of particular importance if you bear in mind the growing revenues gap between the rich and the poor of this world, and that new sophisticated technologies tend to devalue work as a fundamental human activity.
- 23** However, reforming international organizations, albeit its urgency, is still far from enough. It is an important step but it does not fully respond, just by itself, to our main objective of building up a structured world out of this mainly political unstructured one.
- 24** I believe that in order to completely attain the goal of a structured political order, we need to build up a multipolar and balanced world through the strengthening of the existent or emergent regional blocs. However, for these blocs to function properly as part of this multipolar world, it is fundamental that they do not restrict themselves to act economically as simple free trade organizations. They should also include in their formation and consolidation processes the economic, political and social dimensions.
- 25** This is why Europe – as the sole organized regional space in the world – plays a fundamental role in the building up of the new political architecture and needs to be strengthened further. Indeed Europe, through its integration process, has been able to act not only as an element of balance in the international relations, but also as an inducing factor leading to the strengthening of other regional blocs. That is the case of Mercosur in South America, ASEAN in Asia and SADC in Africa – three similar experiences in three continents with very different political, economic and social conditions.
- 26** This is why here in Europe, and rightly so, we try to give attention and support to those integration processes that are occurring in many regions of every continent, and why we like to actively participate in all debates taking place between Europe and those regions. We know, through our own experience, that an integration process is not without hurdles and even without competition among the different

participants and that sometimes the integration pace is slower than initially envisaged or wished.

- 27 But the fact is that only with strong regional organizations, preserving each of them their own social and political models, will we be able to build up a multipolar world to avoid a savage and uncontrolled globalization which, most probably, would open the way to a globalization of poverty and to a decrease, at its lowest level, of the economic and social rights all over the world.

- 28 I have already mentioned briefly why I believe Europe and the integration process in our continent is of extreme importance for the setting up of a new world architecture. Now let me say something more about how Europe can and should continue to play its role.

- 29 First of all, I am firmly convinced that if we want that role to continue, further enlargement of the Union should not mean dilution or weakening of the integration process. Until now, the resolution of the equation between enlargement and integration has been achieved by giving priority to the economic side of our integration process. We started with a customs union, then we moved on to a single market and, more recently, to a single currency. As a result, the political side of this process was seen as a product of the economic side or simply as reminiscent of it. In other words, the initial logic of the integration process was always, even if progressively less so, what I call a functional logic.

- 30 However, at this stage, to follow this functional logic does not seem to be possible any more. I think that for the first time in our integration history it is politics that must take the lead and confront us with problems that must be overcome if our integration process is to continue its path of success.

- 31 In my view the main problem – or challenge, if you prefer – that confronts us is what I and others identify as a problem of democratic deficit. However, it would be naive to think that this deficit, that many suggest to be the main obstacle to the integration process, can easily be diluted by a mere institutional reform.

- 32 That is not so. The problem has deeper roots and goes straight to the notion of a European public space. The essence of modern democracy, and let me quote here the German philosopher Habermas, does not lay in the formal methods that make institutions work and on the democratic participation of the people, rather in an interactive communication link between the political power and an organized civil society. This interactive link has a fundamental role in the process of formulating decisions, as decisions are continuously influenced by the views expressed by the organized society.

- 33 If this is what occurs at national level, the same cannot be said at the Union level. Why? Because, quite simply there is no such a thing as a European public opinion or a European civil society. The interactive link between institutions and public opinion that we experience at national level simply does not exist, or to be more optimistic, may just have a rudimentary expression. What is sometimes interpreted as the views of a wrongly called European public opinion is not, after all, more than the addition of 15 national views. This is why the direct election of the European Parliament does not solve by itself the problem of the degree of legitimacy of the institutions.

- 34 We should commit ourselves to the progressive building of a European civil society and a European public opinion. This is not an easy and short term task.

- Should we succeed, we can then be sure that the right conditions are in place for governments not to feel constrained by what their respective national public opinion thinks or wishes, when they debate Europe. Governments would then tend to act in accordance with the wishes of the Europeans, which would be the result of a broader European interest felt as such by each of our public opinions.
- 35** A kind of nationalism still tends to prevail and Governments know that, first of all, when they go home, they have to answer before their national public opinions for what they were or were not able to achieve. This was clearly demonstrated by the debates that took place in the European Council in Nice.
- 36** You will recall that in Nice we not only had to defer a decision on the final status of the “Charter of Fundamental Rights” - which, in many respects, innovates in relation to what we call the traditional rights -, but we also had to confront ourselves with heated debates on the number of votes in the Council and the number of members in the European Parliament. I am particularly at ease to talk about this, as I was no angel in that “battle”. Quite the opposite: I was blamed by some of being too stubborn and uncompromising . But the truth is that if these are the rules of the game, you have to play by them if you do not want to be thrown out.
- 37** On a positive note, we can undoubtedly claim the process of introducing the Euro as a highly successful one, even if badly disguised, but understandable fears may be felt here and there. In general, the process is going on without any major troubles and in Portugal it is generating hope and contributing, I think, to strengthen our European identity. In my view, the Euro will indeed be a success precisely because it answers to the needs and aspirations of the Europeans – and in particular to the economic agents – in face of the realities of the contemporary world. In other words: in deciding to introduce a single currency, politicians were well up to the wishes of a European public opinion or, at least, to part of it. But now we have to face the post Nice period, which raises very clear and important questions that need to be tackled. The debate has just started and many distinguished politicians, including from Germany, have already given interesting thoughts on the road forward.
- 38** In my view, there are two main ways to address the problems raised by Nice:
- a big leap forward, which would imply the creation of a federal structure of government. Obviously, in this case, and to give you an example, a European Parliament would have to be composed of two separate chambers: a chamber of the States and a chamber of the Citizens, both based on equality of States and Citizens. On the other hand, this option would necessarily have to entail an equivalent economic “leap”. This means that the European budget would have to be significantly increased. We should not forget that there is no Federal Government without a Federal budget.
 - the second way would be to follow a gradual approach combining the progressive development and deepening of the federal pillar - with the strengthening of the Commission and the European Parliament – together with the enlargement, as wide as possible, of structured areas of inter-governmental cooperation supported by the European institutions and integrated within the Union framework.
- 39** In the Lisbon European Council we were able to experience the potentialities of

this formula. In fact, we agreed in a number of European objectives, national objectives and methods of evaluation based on “benchmarks” to be applied to a large number of areas: education, science, fight against poverty, employment, innovation. At the same time, we agreed to deepen some subjects related to employment, training, economic reforms and internal market alongside macro-economic coordination which was launched in Luxembourg, Cardiff and Berlin. This would mean a progressive reinforcement of the open method of coordination which would add to the normal exercise of the competences by the Union’s institutions.

- 40 This second formula has obviously the disadvantage of being politically weaker and more confusing from the institutional point of view. But it has two important advantages: it allows an easier deepening of the integration process and a working system better adapted to the heterogeneity of an enlarged Union, as it allows an enhanced cooperation. The creation and the process of gradual introduction of the Euro process is a good example of this.
- 41 It should also be pointed out that both formulas acknowledge that Europe has, or is, a civilization, but not a culture. The culture is at the very core of our national identities which are not to be subdued in other dimensions of the integration process. The principle of subsidiarity obviously takes account of this reality.
- 42 All this said, and whatever the way we may choose, there is an underlying question which, in my opinion, is of a decisive importance: the question of credibility. The Union will only attain credibility if this exercise encompasses the Common Foreign and Defence Policy areas where, ostensibly, we are still at the beginning of the road.
- 43 I can assure you that Portugal faces all these questions with an absolute peace of mind. We are a very old nation and State, our borders remain now as they were for many centuries. The President of Brazil, and my close friend, even said recently that Portugal, by the way of her maritime expeditions, was the inventor of globalization. It is true that we are geographically and demographically small. But we have a strong national identity and unbreakable unity. So you may understand that our mood is one of confidence and tranquility.
- 44 In any case, a special remark can not be avoided. Large States have a greater responsibility because for whichever the way we choose to move forward, we are deemed to fail if we try to conduct the process under a Directory logic. Sometimes, I have to confess, large States acting within the Union’s institutions remind me of what A.J.P. Taylor so well writes in his book “The struggle for mastery in Europe-1848/1918”. The reason is that the problem of Directories does not lay only in a lack of political legitimacy. It is also a problem of efficiency. Indeed, experience tells us, not the one of the European Union but that coming from previous times, that through the European History the interests which proved to be less compatible are precisely those of the large States.
- 45 To us, the decision is already taken. Portugal will always be on the forefront of those willing to build a more united, prosperous and democratic Europe. And, of course, a more balanced, peaceful and progressive World.

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