

-Six Answers to re-define the political future of the European Union-¹

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Presentation Letter

Rome, 14th April 2006

*I am pleased to present this paper on the European Union, **that even if it does not represent the official Italian's position on the issues**, several relevant aspects are introduced to face the dilemma regarding the future of the Constitutional Text. I also welcome the initiative of our counsellor to participate actively in the European Forum for Civil Society on The Future of The European Union next 24 / 25 April thanks to his full commitment and dedication on continental matters.*

In our department, we have been offering all the facilities to enhance this kind of papers. We believe that the young generations will have a central role in order to establish the pillars of the political future of Europe.

I would like to finish this presentation's letter affirming that the debates must be reinforced to refresh the idea of a new Europe. It is time to relaunch the Europe's brand and make the next generations work on it.

Frankly,

(signature)

Dott. Giuseppe Carlino

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Introduction

The double Non-Nee against the ratification of the Treaty establishing a Constitution for Europe in France and the Netherlands respectively, has hit the heart of the most optimistic Europeans, opening a new critical conjuncture for the political project.

Member States, EU institutions and civil society are facing a clear challenge: How do Europeans could feel themselves citizens of Europe? Or, which is the same: How does EU citizenship could run at the speed of the evolution of the EU institutions (From the ECB to the EU Parliament)?

The whole picture of the integration process is complicated: there is no consensus on the basis of many policies resulting from the respect of EU Directives due to the lack of information; the basics on democracy and single market rules are still weak among the citizens; the Eurozone's performance on competitiveness is relatively weak and the monetary policy is ambiguous for the real interests of SMEs and families. In other words, there were many points to believe that not only French but Dutch had in mind several elements to reject the Constitution. Indeed, it does not mean that national factors influenced more than it was imagined in Brussels, but the EU context helped enormously to make that "No" a reality.

In fact, there are two forgotten dimensions of public politics that are undermining the reinforcement of an extended democracy for 450 million inhabitants: local empowerment (regions) and horizontal cooperation. Although the way's to a common currency (from the treaty of Maastricht to the inauguration of the Eurozone in February 2002) and the so-called "Big Bang enlargement" (May 2004) had projected that Europe would become an stronger player in global issues, the most relevant outcome has been an exponential expansion of deficit of governance.

This deficit is paradoxically contrary to the 1970s public "overload" that forecasted the trilateral summit thirty years ago. The current causes are associated with a poor and inefficiency budget (that is almost twenty times less the US Federal one) by which the 70% are located to support the CAP's Policy. Moreover, the revised Lisbon's Strategy in 2005 seems not be compatible with the Stability Pact and the interests rates lever are depending on one particular factor: inflation media index of 12 economies.

Nonetheless, the history of the EU is based on many *momentums* of positive-negative forces. The dialectics (tension/creation) have provided a continuity to the roots of our institutions. This cycle of negative patterns could become the starting point for a new wave of growth and substantial cooperation. Europe has shown this mysteries and unique capacity to stand up and walk through the path of welfare. This time we need the full support of the heart of the project, the citizenship, that are the main subject of this report.

Report's goal

Based on the Resolution of the EU Parliament adopted in January 19th 2006, the report aims to answer clearly the six questions that comes out in the point no. 18., focusing on concepts such as: governance, soft power, local empowerment, citizenship perception and e-government.

1) What is the goal of European integration ?

By analysing the historical patterns of the EU integration during the post-war period, we need to make clear that the same evolution of these institutions and the concept of citizenry has been changing for more than five decades. Nonetheless, we could highlight two interdependent formulas that intend to define, in general terms, the main goal of the EU integration process:

The macro-level goal is the development of an effective worldwide model of integration where sovereignty is divided and voluntarily shared in order to reinforce a democratic zone of peace and prosperity for the entire members of the community.

The micro-level goal, which compliments the macro one, is the strong development of new democratic channels of loyalty by which the citizens could improve the social and economic conditions through the formula Unity in Diversity.

As we can see, the macro level approach outlines the institutions that have emerged from Brussels (Parliament, European Court of Justice, European Central Bank ,etc) whilst the micro level, focuses on the EU citizenship.

These goals could be characterized by three cycles of Macro events:

(1957-1972) – *From the Treaty of Rome to the creation of the European Monetary System:* Europe affirms itself as a zone of peace and tries to coordinate the monetary policies to launch a potential single market.

(1972-1992) - *From Mediterranean and British accession to the inauguration of the Single Market:* Europe shows the first signs of soft power integrating UK, Spain, Greece and Spain, creating a Parliament and establishing clear rules for a new continent without barriers (Schengen and Maastricht).

(1992-2001) - *From a single market to a common currency,* Europe speeds up and prepares itself to integrate East Europe and the implementation of the Euro in 12 economies. During this period the subliminal deficit of governance starts growing as fast as the macro events do. The Nice Treaty (December 2000) would be the last legal anchor (before the draft for the Constitutional text) to determine the decision making in the enlarged bloc.

For the first time in the EU history, the gap of governance that began separating the citizenship and the EU institutions between 1991-2001, contradicts our double-level definition, which is the same, even if the EU model of integration has consolidated the continent as a zone of peace which is also imitated by many regional blocs as a good mechanism of shared-sovereignty process: **1) the citizens' loyalty has not varied in favour of EU institutions, 2) the channel of democracy that should link institutions and citizens are in crisis and 3) there is a scarce economic growth, above all, for those citizens that have the Euro as their own currency (except Spain and Ireland).**³

To resume: it seems that the civil society in Europe has no voice, its citizenship is no prosperous as it used to be, the most important shared-sovereignty symbolic project is not doing well (the euro), the free mobility of people, goods and services is still plenty of bureaucratic obstacles⁴ and new acceding countries are near the accession.

³ Not to mention the external events that changed international order in security and economic fields. (11-S, the emergence of the Asiatic powers (China and India), natural disasters and new oil regime.

⁴ See www.solvit.eu.int . The huge and crescent amount of cases per year show this reality.

2) What role should Europe have in the world?

International media frequently describes that in the 19th century, Britain and Europe taught the world about production; in the 20th century the US taught the world about mass consumption; and in the 21st century China will teach the world about sustainable development. Furthermore, the transatlantic relationship after 11-S seems to introduce one Europe and two West and not vice-versa (as the Cold War dictated). Moisi remarks a dangerous trend as follows:

“Today, in the eyes of many Americans, Europe is neither a subject nor an object of history. It has become a theme park, a museum, a charming place to visit, an interesting experiment in collective sovereignty and, above all, a growing source of irritation”.⁵

The tension that is reflecting the West are certainly part of the European transformation. This process is much more than a museum by which operates an experiment of collective sovereignty. By contrast to the American institutional nationalism and the precarious democracy in China, the EU is the unique actor that could deploy its extraordinary mechanisms of multi level democracy actors/agencies to build up a continental political body that switch: from a static sovereignty approach to a flexible and pragmatic common one. It does not mean that Brussels must absorb all the national competences (such as defence, public services and fiscal system) but become the referent actor, by which Directives are created in order to distribute power *efficiently* among different Member States, preserving the formula “Unity in diversity”. In short terms, neither the US nor China could integrate and incorporate nations⁶, as the EU does, because their borders still shape an inexorable condition of their power-culture that reflects the source of the central governments (Washington and Peking) legitimacy.⁷ Not many analysts outline the “lack of appeal” that offers the NSS September 2002⁸ (Preventive War Doctrine) and the Chinese Anti-Secession Law in the global sphere. The current thin line that divides the use and abuse of force, threatens the credibility of major players except for those who reproduce, invest and regenerate soft power. Parag Khanna states a great comparison:

“Meet the real New Europe: the world’s first metrosexual power. Metrosexual know how to dress for the occasion (or mission). Spreading peace across Eurasia serves US interests, but it’s best done by donning Armani pinstripes rather than US army fatigues. (...) Brand Europe is taking over. From environmental sustainability and International Law to economic development and social welfare, EU views are more congenial to international tastes and more easily exported than US variants. Even the Bush strategy toward Greater Middle East is based on Helsinki model, which was Europe’s way of

⁵ D. Moisi, *Reinventing the West*. Foreign Affairs. November/December 2003.

⁶ *The Military Power of the People’s Republic of China 2005: A Report to Congress*. (2005) The US report states that domestic protests and secessionist movements have grown violent over the past years. The number of these incidents in 2004 reached an all-time high of at least 58,000 according to official Chinese estimates.

⁷ It would be quite improbable that US vital interest could be decided in Mexico City or Brasilia in case of FTA’s project become true. Not to mention the nuclear weapons placed position in order to attack Taiwan. The formula “One China two systems” does not seem to be successful as the EU *acquis communautaire* and Maastricht Treaty requirements to access to the EU club.

⁸ The updated National Security Strategy (March 2006) reinforces the idea of a possible preventive attack and it does not exempt strategic nuclear attacks unilaterally.

*integrating human rights standards into collective security institutions.*⁹

Seduction and attraction are the pillars of European magnetic allure which compels countries such as Turkey, Romania, Bulgaria and the Balkans (also Iran) to change policy behaviours, political decisions and, in many cases, rewrite their laws.¹⁰ Furthermore, regional organizations such as the Mercosur¹¹, the African Union and ASEAN are re-designing their institutions to look more like the EU.¹²

Following this diagnosis, we consider that the EU should get involved with four scopes to reinforce itself as a real global (key) player:

1. **Invest and reproduce the EU soft power in the region;** The EU has no foreign minister after the almost-rejected EU Constitution. It is imperative to create this figure (eliminating the double voice temptation)¹³ and not attach this obligation to the ratification of the EU *Charta Magna*.¹⁴ Borders are reaching new frontiers and cultures, the EU must be ready to negotiate Belarus and Moldavia status without threatening EU-Russia common spaces policy. Not to mention, Israel request to secure Gaza.¹⁵
2. **Reduce the Military Gap with the US reinforcing the transatlantic relationship through ESPD into NATO new doctrine;** NATO depends on what US and EU want to do together. If they do not define its commitment and patterns of security cooperation, NATO will pay for it. ESDP and NATO-EU / US cooperation are not marginal technical issues. They are emblematic of a central debate: how and whether Europe and the United States can align the grand experiment of European integration with a strategic shift of the transatlantic partnership to tackle together the challenges posed by post-9/11 world. The EU will not convince anyone in Washington that they are serious about the ESDP (which could compliment NATO forces and mission) unless the military capabilities begin to adequate to the new security environment. In fact, this is a controversial problem that indirectly undermines the credibility and soft power of the European Union as a global player. Three items should be revised: a-1) *Static Defence Budgets*¹⁶ that consolidate a double-level

⁹ Khanna, Parag, *The Metrosexual Superpower*. Foreign Policy (August 2004).

¹⁰ Ankara has completely modified the Penal Code and minorities clauses in the constitutional text to have access to EU negotiations in December 2004.

¹¹ Mercosur has proposed the creation of a Parliamentary body and a common currency among Member States based on Europeans criteria.

¹² Although the EU is owing a great amount of soft power, it is not always reflected in the international system. The investment of this dimension of power lacks of tools that compliments the entire efficiency of it.

¹³ The double voice is a constant in the EU foreign policy after 1989. The Gulf War in 1991, Kosovo and US intervention in Iraq (2003) showed that the terrible idea of Old and New Europe could not be as rethoric as many top EU executives affirmed.

¹⁴ The Better Regulation proposed by the renewed Lisbon Strategy (launched in spring 2005) is a great way to withdraw legislative proposals and simplify existing legislation. Undoubtly, this is an important tool to promote continental governance and horizontal accountability. For further information, check the following site: http://europa.eu.int/comm/enterprise/regulation/better_regulation/index_en.htm

¹⁵ *Israel wants EU to secure Gaza border*, in "Euroserver.com", November 2nd. 2005.

¹⁶ Twenty five European Union countries spend roughly 175 Billion Euros collectively on defense, which is not a insignificant amount of money. In fact, the EU's is the biggest defence spender after the US. However the EU spends about half what the US spends on defence but the Europeans do not get near half of US military capability (Keohane, 2004). Moreover, without new equipment, European soldiers might not even make it to the battlefield. To illustrate, European troops needed US planes to take them to Macedonia in 2001 because most of European armies do not have adequate transport capabilities.

disparity: Four countries concentrate almost the 75% of the EU defence spending –UK and France (45%) and Germany and Italy (30%)-. On the other hand, European spending on military power is half that of the US, Americans spend close to six times what EU nations spend of military R&D (representing alone more than the entire Germany’s defense budget)¹⁷; a-2) *Inadequate spending and savings on equipment*, to push pooled operations to save money and improve interoperability among armies; harmonizing activity cycles and trainings (Taking the leading case Franco-British summit 2003 with aircrafts carriers); a-3) *Fragmentation of the European defense market*, the six main European arms-producing countries signed the so called Letter of Intent in 1998 to harmonize some of their armaments regulation, but it has not yet had impact at all. To sum up, reciprocity and interdependence between NATO structure and nascent European ESDP is significantly and necessary.

- 3. Support the UN reforms and the whole multilateral system for seizing Preventive Attack Doctrines**, The European Union as a bloc did not have an 11-S attack. Neither Madrid nor London terrorist bombings are comparable to the collapse of the Twin Towers in the US. Indeed, for a long time Europeans’ experience with terrorism are linked to the form of car bombs and booby-trapped trash cans. Terrorism is not seen as an occasion for war but as a crime problem. Europeans authorities are far from launching a *US style preventive war on terrorism* and mobilizing the military corps, establishing detention centres and redesigning administrative bureaucracy regarding the terror field. In turn, the EU Commission’s Lisbon Strategy revision (2005) and Solana’s paper on EU security (2003) has securitized the European sustainable growth by which the social model, pension coverage and employment remains the main referent objects to defend. Terrorism does not represent a substantial threat but a problem that could emerge through growing flows of illegal immigration and the consequent fissure of the formula liberalism and multiculturalism societal integration. At the same time, Iran’s crisis, has shown again the importance of a wide consensus between the EU partners in the Security Council and thus a unique vision for reforming the structures of the United Nations, above all, decision making in the future S.C.

3) How do we define the boundaries of the European Union?

There is an ambivalent feeling on the “geographic limits” of the EU. Actually, there are two general approaches: many politicians supports the “historical roots of EU civilization” linked to religion- bases and extension of old empires while others, instead of that, are defending the “technical criteria” which claim for the right of any nation to be part of the EU until those nations were able to adapt themselves to Maastricht (1992) and Madrid (1995) conditions. (acquis comunitaire, human rights, democracy and free market).

Actually, the problem is that neither following the historical nor the technical views could ensure stability and prosperity in the future EU democracy, which is the same, the capacity to open the accession to new countries (larger than Germany in population or with majority of Muslim) are not only the economic and financial perspective but an unprecedented enlargement of the deficit of governance. By affirming this, we must consider a *criteria that is set by the reality* and determined by a simple question: How many years will take to increase the governance among the 25 EU states? Or by contrary, How are we going to govern more than 600 million people without strong identification between citizens and Brussels?.

¹⁷ US spending per active duty service member is almost four times that of Europe’s and there are gaps in the cost-effectiveness of spending (although EU spends about the half what the US spends, they get less than 50% return in terms of capability).

The new pragmatic concept on enlargement should consider only the historical and technical criteria after taking into account the *pragmatic sense of governance* that, by the moment, is completely out of order. To switch the logics on the pragmatic mode, it is time to move a gear on the citizenship “sense of belonging” creating an appealing brand for Europe, and adapting the speed of the EU Institutions to this new challenge.

4) How do we enhance freedom, security and Justice?

To enhance freedom, security and justice is likely to become the biggest problem on the political spectrum of the perception of the citizens. There are three questions that many citizens could pose:

- ✓ How do counter-arrest the international terrorism and the Trojan horse threat?
- ✓ How do we find a balanced model to integrate large waves of immigrants without violating Human Rights’ conventions and the right to asylum among the EU members?
- ✓ Does the EU identity exist or is only an artificial political will?

Firstly, international terrorist attacks in Madrid and London has shown for the very first time, that coordination and EU new mechanisms (ex. Eurojust) are not 100% effective to defend or deter the EU territory from non-EU terrorist cells. Moreover, the creation of a Foreign Minister is necessary to represent the bloc against the potential divisions that terrorist could enhance among EU members, above all, to face the Trojan Horse threat. This new type of menace is linked to the EU homeland-grow-terrorist cells that have been involved in London’s subway bombings by which the free mobility was menaced as many countries intended to suspend temporarily the Schengen agreement’s criteria (The French government did it for a couple of months).¹⁸

Secondly, the large waves of immigrants coming from the Mediterranean zone, are starting to create differences among the member states’ political communities. There must be framed measures in large scale levels and thus invite the citizenship and regions to participate in this process as the “Consulting the Public” initiative on the Green Paper (*on conflicts of Jurisdiction and the Principle of ne bis in idem in Criminal Proceedings*¹⁹). It is also noticed the need to invest time and resources on promoting this mass-initiatives through Euro Info centers, Your Europe web site and regional associations for young people.

From another point of view, with the adoption in December 2005 of Council Directive 2005/85 on minimum standards on procedures in Member States for granting and withdrawing refugee status, the Asylum Procedures Directive, the first phase of the Common European Asylum System was finished. The European Council also called for the establishment of appropriate structures involving the national asylum services of the Member States with a view to facilitating practical and collaborative cooperation towards three main objectives: achieving an EU wide Single Procedure; the joint compilation, assessment and application of Country of Origin Information (COI); and how Member States can better work together to address particular pressures on asylum systems or reception capacities resulting from factors such as geographic location.²⁰ In fact, this

¹⁸ See <http://www.spainherald.com/2005-07-14news.html>

¹⁹ See http://europa.eu.int/comm/justice_home/news/consulting_public/news_consulting_public_en.htm

²⁰ See Communication from the Commission to the Council and the European Parliament on strengthened practical cooperation new structures, new approaches: improving the quality of decision making in the common European Asylum System. (17/02/2006)

process could be considered as a leading-case to project another programmes associated with security fields.

5) In the light of globalisation, what is the future of the European social and economic model?

According to Eurobarometer statistics, the results show that a majority of EU citizens (52%) believe that *globalisation is an opportunity* rather than a disadvantage for their families.²¹ After all, the EU is embedded on the globalisation's evolution and represents it as a new political phenomenon. Nonetheless, there is a paradox that have being damaged the essentials of this structure: the regions are not being considered as important as they should do and, consequently, are not fuelling citizenry to reduce the deficit of governance emanated from Brussels. Indeed, the huge potential that deploys the local empowerment and well coordinated structural regulations, has been absent in the EU's public policies for more than 15 years.

In order to re-launch the governance of this enormous apparatus and protect a European social vision and style of managing the economy, is time to give back the role to the main starring of the European values and originality: Regions. In Germany, the federalism has been reformed by conceding more competences to the Lander and easing the making-decision process²², not to mention, the Lazio's region and its capital in Italy, which PBI has increased 6,7% last year.²³

The following points are linked to the Key Recommendations recently elaborated by the AER (Assembly of European Regions²⁴) that deserve an special remark and reflection to seize the lack of visibility and influence that Brussels gave to them:

1. There should be better mobilisation of political party linkages at regional, national and EU level, to create communication channels for European issues at the grassroots;
2. School curricula should attach greater value to European issues, including the teaching of the common European history;
3. Regional authorities should provide citizens with better information about EU-funded projects in the region;
4. Regional and Europeans institutions should work together to organise citizen's forums, bringing together regional stakeholders and representatives of the COR, Parliament and Commission;
5. The European Parliament should organise hearings with regions on policies that affect them.
6. The annual Structure Dialogue with the Commission President should be held prior to the approval of the Commission's work programme;
7. An Inter-group on Regions should be established within the European Parliament;
8. The European Commission should introduce more formal and informal consultation of the regions at the earliest possible moment in the pre-legislative phase of policy making.

The above-mentioned seven points let us illustrate the whole figure regarding regions/ EU institutions:

²¹ Flash Eurobarometer, "Globalisation" Publication November 2003.

²² *Allemagne: la réforme du fédéralisme renforce les compétences des Lander*. Le Monde. 11/03/2006.

²³ Rome grows nearly six times the entire Italian economy, (0,1% in 2005) showing the importance that is acquiring the local government.

²⁴ AER Press Release, "Regions as the bridge between Europe and its citizens". March 9th 2006.

- A) Even if regions are the central actors by which is managed the 70/80% of EU policy and channelled the effectiveness of it, there is no proportional full political support to set them as priority;
- B) The creation of the so-called “European Regional Training Institute” is imperative to provide a wide range of civil servants that were ready to close the gap between citizens and institutions;
- C) The Plan D for Democracy, Dialogue and Debate should reinforce and sponsor the Citizens’ Forum on Europe to start the next May 18th in Hungary;
- D) The 200 Million Euro funds to be spent during 2007-2013 to support and promote EU citizenship is an important step but is not enough to fuel regions and its actors.²⁵ In other words, what the citizens need is to perceive articulated programmes that would finance trans-national activities which respects the reality and reflects its environment. It is necessary to translate the successful evolution of Airbus consortium to SME’s dimensions and push the accession to micro European credits for young entrepreneurs;
- E) The EU Parliament must take action consulting and opening the game with representatives of the regions;
- F) There should be considered the proposal to bring EU books to those regions that agree on integrating national education to the European one. This kind of decisions do not only belong to the AER key points but to Chirac’s statements many weeks ago.

6) How do we finance the Union?

Short and sweet: adjusting radically three elements: A) the budget’s structure and objectives, b) the taxation system and c) the monetary policy criteria.

First of all, we have to mention explicit contradictions that are just working as source of conflicts:

1- Is the revised Lisbon Strategy a good guide or an idealistic document?

There is no mathematical reason to believe that the EU would become the most technological and competitive economy (reaching the US performance) as far as its budget is almost 20 times less the American one.

2- Is the Lisbon Strategy compatible to the Stability Pact?

The answer depends on technical and political considerations. The fact is that the 25 National Action Plans (required by the Commission to re-launch Lisbon) presented last October 2005, showed an extreme version of heterogeneity among EU countries to create jobs, increase competitiveness and manage public finance.

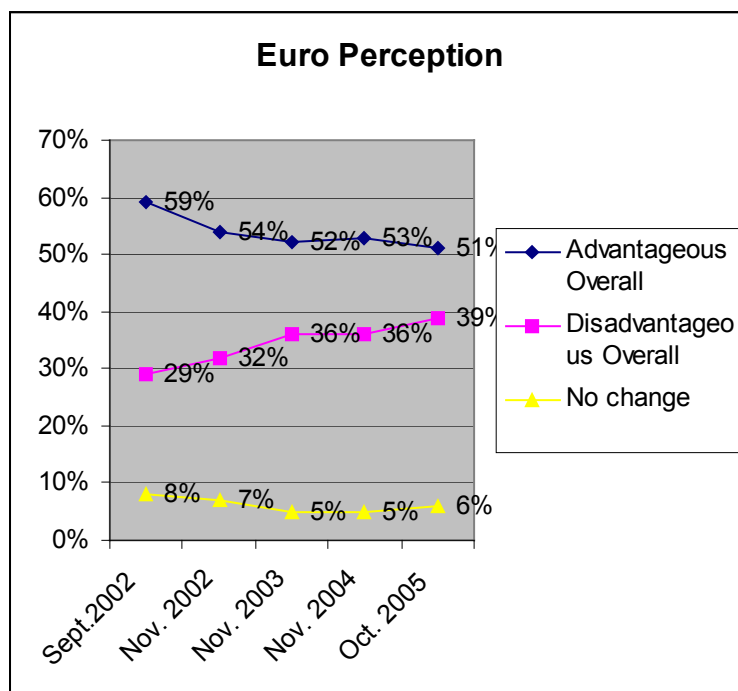
²⁵ *Parliament approves plan to promote EU citizenship*. Euroobserver.com. April 5th. 2006

3- If Lisbon Strategy and the Stability Pact are in full harmony, Could it be possible that the Euro currency change is too high against the dollar?

Maybe. The negative period that have started in 2001 for the entire biggest economies of the Euro Zone are out of question. A strong currency is good to keep the average inflation rate under control, but not to promote competitiveness and labour markets efficiency. The strong position of the ECB authorities, that are doing a great job to reduce macroeconomic instability, are also challenging the common sense of many citizens. So, could it be possible to think that this kind of policy is not playing a positive overall result for citizenry’s interests?

4- After four years of the introduction of the Euro, Are perceptions changing in favour or against the common currency?

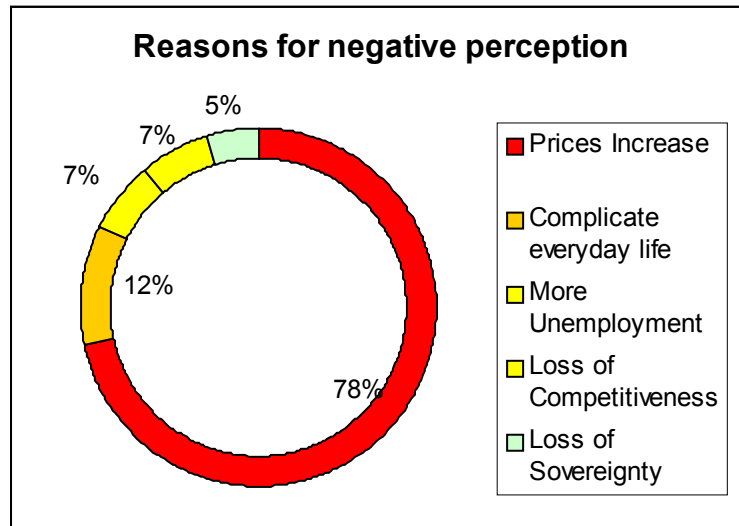
The following graphic shows the majority still sees the adoption of the euro as an overall advantageous event even if the 51% is the lowest since the first survey conducted in 2002:



Source: Eurobarometer Flash EB 175 –Page 5 (2005)

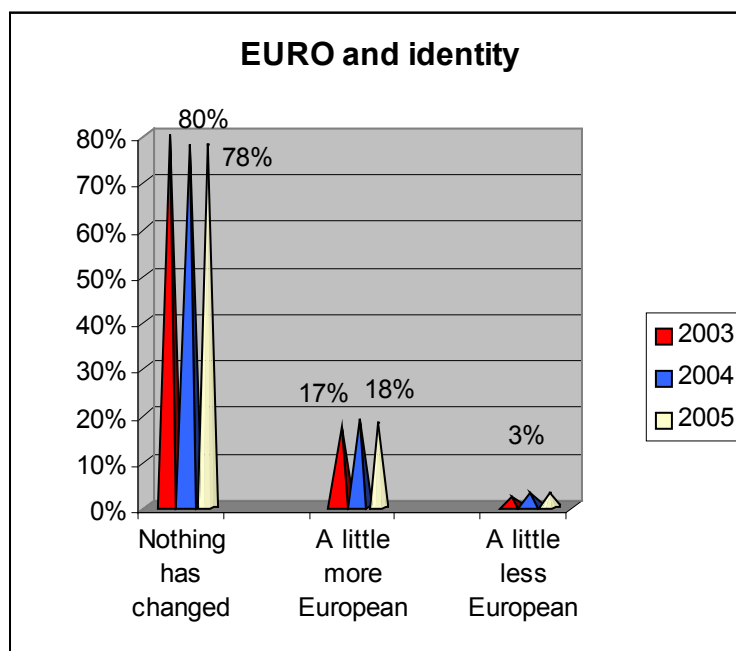
At the same time, the share in the “disadvantageous overall” increases by 3 points and reinforces a negative trend in the last three years (+10%).

Secondly, it is very interesting to notice *the reason* for negative perception of the euro. Contrary to the ECB policy (promoting a low inflation index level in 12 economies), the **prices increase** are the “queen reason” for explaining the citizenship’s inconformity, as the graphic makes clear:



Source: Eurobarometer Flash EB 175 –Page 35 (2005)

Finally, there is another relevant question that associates the new currency to a potential development of a European Identity. This time, most of the respondents continue to perceive the euro as *having no effect on their feeling of being European (78-80%)*:



Source: Eurobarometer Flash EB 175 –Page 44 (2005)

In reference to the tables and Eurobarometer’s statistics, it could be useful to change approaches and adjust gradually the mentioned areas:

Recommendations

Budget Deal 2007-2013

Although many MEP's expressed satisfaction that a deal has been reached on the long term EU budget, the extra 12 billion, has been reduced to 2.5 funds to SME's and trans-European Transport Networks. Basically, the spending structure of the budget is still the same, supporting the CAP and delaying many projects regarding high tech and research. Once again, the figures of competitive SME's are depending on *extra cash* and not as one of the pillars of the EU funds.

The proper role for the 2008-2009 review must become the bridge for a radical structure of EU financial perspectives. The next three years are going to show us if the political commitment to approve this kind of budget has something to do with the strategy of Lisbon. If not, there must be introduced concepts and categories that reinforce: citizenship, e-government, regions, SME's development, high speed trains in East Europe, an Erasmus evolution programs and stronger EU communication.

At the same time, the EU Commission has alerted on the gloomy figures about EU's economic prospects due to ageing population problems, warning many member states might face unsustainable health and pension costs. In fact, several "old" EU countries will face stronger pressure on their public spending due to ageing populations, with pension costs set to soar by 9,7% in Portugal, 7,4% in Luxembourg, 7% in Spain, etc. This pattern should be consider into the next budget perspective in 2013.

Direct Taxation

The "financial hole" that undermines the entire idea of continental integration is the bargain policy²⁶ between Member States before the EU budget was approved. The problem is double: not only represents scarcely 1% of EU GDP²⁷ economies but the 70% of it, is destined to the CAP goals. Therefore, Europeans must take action in two separate ways: project a future robust budget to spend more in the new economy dividends rather than "CAP black hole" and foster direct European taxation such as international transactions, energy as well as tobacco and alcohol.²⁸

A bigger Flat Tax area in the EU?

Simplification and Better Regulation have to do with taxation. The mobility of companies and citizens to other member state are linked to several problems resulting from the juxtaposition of taxes and ambiguous bilateral treaties.

The flat-tax-trendy approach, made by many of the new members of the club, starts showing great efficiency for the short term growth. As we have seen before, the tension that requires implementing or adapting a flat tax system in the big ones (Germany, France, UK and Italy) could put under risk the welfare state that has being representing the social model in the post war period.

²⁶ *Budget de l'UE: Londres ne cède pas sur le rabais britannique et négocie avec les nouveaux membres*, in «Le Monde», December 1st 2005.

²⁷ See Merke Federico, *La UE y la Seguridad: Superpotencia Militar, Civil or Normativa?* (Consejo Argentina para las Relaciones Internacionales). Buenos Aires, 2005. Merke illustrates that the entire administrative budget of the EU Commission is lower than London Major budget (3,8 billion euros against 4 billion euros respectively). At the same time, the Federal US Budget is 20 times the European one.

²⁸ *Common EU tax idea gains new life*, December 12nd 2005 in "Euroobserver.com"
www.euroobserver.com/?aid=20595&rk=1

Nonetheless, it is imperative to consider the flat tax model as a possibility to be implemented with a well coordinated method to avoid promoting misunderstandings and social fractures.

Monetary Policy: levers for changing euro's perception

The control of interest rates is the most important symbol of share sovereignty the EU has, and that could injure the economic perspective and the entire political stability. The inflation average rate cannot be the *only* reference to push *Trichet* to take decisions.²⁹ It is time to adopt a multiple criteria to decide as the US FED does: Prices, Employment and Foreign Commerce. The flexibility of these kind of decisions should ensure citizens comprehension. Moreover, how could we explain that inflation has been under controlled when the main reason for negative perception of the euro is the price increase?

Anyway, it could be useful to elaborate a deep research on the rate exchanges of the EURO and the competitiveness of the SME's in the last years. There is no reason to believe that a weaker euro could be more appropriate to re launch the Eurozone and shape the flex-security labour markets among the biggest economies.

An extra Key Point: *An efficient Single Market for the Next Generations

Even if there are many things to do and improve, it is important to evidence that a dynamic young generation is reinventing the channel of loyalties and paving the way to create a continental culture of governance. Indeed, the real amalgamation of free mobility of Europeans is gaining force: the single market is designing its face thanks to the mass of students and teenagers who fly through low cost airlines. Paradoxically, these airlines have contributed as much as Schengen (1985) and Maastricht (1992) treaty pillars (as supposed) to put down economic and cultural barriers between young people. *Again, there are few politicians that have noticed that many ex military airports³⁰ by which low cost airlines operate, are not now the place where Europeans organise war but a possibility to discover the common roots of European values. This process is gradually increasing and becoming a trend that will lead enormous political and economical effects.* Anyway, technology³¹ is the main platform by which this generation rests, as Internet users are growing as fast as the new PC owners in the region (72 million units purchased last year overpassing the US market), the interactions between on line-citizens and e-government, create a strong cybernetic cluster that reduces governance deficit and promotes a wider e-administration. Three examples illustrate this revolution: the introduction of "mini companies" in secondary schools to boost the entrepreneurial spirit in more than 200,000 institutes³²; the creation of Your Europe portal and related e-services (including the Citizen Signpost Service and Solvit³³); and the proposal of electronic paper-free customs environment that would simplify authorities and traders job.

²⁹ Read Carefully: "The three pillars of the European Grow" November 21st, 2005 (Los Tres Pilares del Crecimiento europeo) Gonzalez-Paramo Jose Manuel (Executive Member of the BCE) above all the third pillar that describes the need for monetary policy based on prices stability. www.ecb.int/press/key/date/2005/html/sp051121_1.es.html

³⁰ Ciampino Airport is located in Rome. It was a military airport where used to operate the fascist government in the WWII. Today, Ciampino becomes a daily departure flights for thousand of EU citizenship.

³¹ GEANT2 Europe's world class research networking infrastructure will supply computing power to an estimated 3 million users from over 3500 academic institutions in 34 countries across Europe. GEANT2 remains the symbolic efforts to strength true bases of a interconnected high tech society.

³² European Commission, *Growth and Jobs- Commission track record for year 1 MEMO 06/22*. Brussels 23 January 2006.

³³ See www.europa.int/solvit. Solvit system provides a innovative and cheaper way to resolve public administration problems for citizens and companies of the EU and others. (such as Norway, Liechtenstein, etc).

The questions that we, students, would love to read are about concrete policies on practical situations that have to do with our motivations to meet Europeans and improve our labour market possibilities in the entire EU territory:

- ✓ How the EU institutions will work to reduce the classical trip' expenses?. (such as Insurance, tickets flights, cell roaming, real discounts on educational activities, etc)
- ✓ How long it will take to harmonize the high school and undergraduate diplomas among EU Member States?
- ✓ How could it be possible to create local funds between young entrepreneurs in the EU?
- ✓ How could it be possible to create think thanks supported or sponsored by a EU institution?
- ✓ Which are the components of the Europe's brand that will make feel us Europeans by DNA?
- ✓ Is the EU supporting some kind of pan-European academic network to promote publications in many fields?
- ✓ Is the EU preparing a sort of mega-initiative to take students to the different levels of representation in Brussels, Frankfurt and Strasbourg?
- ✓ How could a group of student contribute to the diffusion of information about EU initiatives?
- ✓ Is any pan-European project to create high tech industrial poles dedicated to research on the New Economy (as Silicon Valley in the US)?
- ✓ Are Europeans prepared to challenge the primary education in all Member States introducing the standard subject "Europe as Nation"?
- ✓ Will the next generations vote for European interest or they will still protecting regional/national interest with old-type national parties?

Conclusion: setting priorities and restoring the hidden forces of our EU multiple actors

First of all, the most important step that we should take into account is to match institutional and citizenship's perception into a unique approach. There could be different speeds and flexibility on EU institutional evolution (Euro zone, Non Euro zone, Partnerships, etc) but there is no chance to create a perception's gap in the citizenship spectrum. We cannot make believe to the citizens that prices have not raised due to the Euro and the ECB has been doing a terrific job when Eurobarometer is showing the opposite trend.

Secondly, we have to change our vocabulary and centrality of our concepts. The key player for development are strictly commanded by regional and local administration. The empowerment and synergy of this dimension depends on the potential that Brussels has to communicate projects, ideas and programs. In this sense, we need to create new channels to make these ideas come from the local sphere towards the EU institutions and not more vice-versa.

Thirdly, we have also underlined the pathological trend that is shaping the political integration: an extensive revolution on the macro politics matters and, in the meantime, a weaker citizenry's identification with these enormous institutional architecture. We are making a big car whose engine is not well fueled.

To sum up, all the paper has focused on the idea that there will be no change in the foreseeable future unless we start to zoom the political commitment on the social and economic actors (SME's, Regions, NGO's, think tanks, etc) that are suffering from the will of good intentions but scarce implementation.