

# AFTER 50 YEARS: A NEW DIRECTION FOR EUROPE

## AN ALTERNATIVE BERLIN DECLARATION

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**The Greens | European Free Alliance**  
in the European Parliament

## PREFACE

After 50 years, Europe is at a crossroads. While its original ambition to guarantee peace in Europe has been extraordinarily successful, it now faces new challenges and dilemmas. In particular, does it increase its dependence on the rest of the world for its future energy supplies, its markets for its products and evermore of the food it consumes? Or does it tackle the challenges of energy security, job security and food security by taking a different direction, based on greater decentralisation, sustainability, and self-reliance?

The EU has enormous potential to spread peace, freedom and security in and around Europe, and to promote and protect democracy and human rights at home and throughout the world. It has the potential to be a true pioneer in the transition to low carbon economies, and in living more lightly on the planet. But to fully achieve this potential, it has to change direction, and to put democracy and sustainability - rather than trade liberalisation and the single market - at the heart of its objectives.

In October of last year, this free market fundamentalism reached new heights with the launch of the EU's new international trade strategy, which emphasised EU "activism in opening markets abroad." *Global Europe - Competing in the World* envisages an EU forcing countries and regions in the South to open their markets to EU goods and corporate investment, denying them the range of economic protections and subsidies that most European countries have themselves used to further their development, and entrenching current global economic inequalities in the process.

More recently, the European Summit of 8-9 March, at which energy security and climate change were at the top of the agenda, further revealed the contradictions and tensions that currently bedevil the EU. On the positive side, collective measures on climate change were agreed, with binding targets to increase the EU's investment in renewable energy. Yet, on the negative side, EU leaders drew back from agreeing a unilateral 30% reduction in emissions by 2020, even whilst acknowledging that this target is the minimum that science demands, for fear of jeopardising the competitiveness of European industry.

This Alternative Berlin Declaration looks at the record of the first 50 years of the European Union, setting out why it is impossible for the EU to genuinely promote greater social justice and environmental sustainability whilst at the same time continuing to prioritise international competitiveness and maximum economic growth. It then explains why a new direction for Europe needs to be based on a new goal of maximising self-reliance through strengthening democratic structures at all levels, and through a process of economic localisation. Finally, it illustrates how the Treaty of Rome could be rewritten to further such an approach, and sets out some of the institutional changes needed to ensure such a transition occurs with maximum democratic involvement of people.

## 1. HISTORY AND ACHIEVEMENTS OF THE EU

Fifty years ago this month the European Union was born, when six Western European nations signed the Treaty of Rome and effectively started the world's biggest free trade experiment.

The 1957 treaty had a very clear project at its heart: to use free trade to bring peace and economic prosperity to Western Europe following years of conflict, poverty and political turmoil. It worked - the different member states of the EU are now so intertwined as to make war between them almost inconceivable, East and West have been brought together, and the Union now boasts 27 members, with more set to join in the next few years.

However, the Union's drive for ever greater free trade between and beyond its borders has not been without cost. These can be counted in terms of accelerating environmental destruction, increasing poverty in the developing world, and a dramatic shift in power away from democratically-elected regional and national Governments to the boardrooms of the multinational businesses that have benefited most from the EU project. It is also manifest in the growing disconnection between the European institutions, and the people they are meant to represent - a disconnection brought centre stage in European politics with the rejection of the EU Constitution by both France and the Netherlands in 2005.

The debates over the Constitution, both in the UK and in other Member States, have largely been characterised by polarised arguments over "more Europe" or "less Europe." Yet these questions are largely irrelevant until we answer the question - "What purpose, Europe?"

Many of today's European citizens are no longer sure what the EU is for. The ambitious free trade project at the heart of the original treaties has, for many, become an end in itself. The debate about the future of the Union has been dominated by "economism" - the idea that the overriding goals of European integration are economic, and that the progress of the EU should be judged in terms of economic growth and the removal of market barriers alone. As a result, the EU has failed to address fundamental questions of political culture and strategic purpose - and, therefore, has also failed to inspire the mass of citizens with a sense of enthusiasm and common cause, calling into question its own legitimacy.

The 50<sup>th</sup> Anniversary of the EU is a timely moment to reassess the objectives of the EU, and to address those questions of culture and purpose. It is already clear that, in order to be able to tackle the new threats and challenges we face today, and to deliver a fair, sustainable and peaceful Europe into the 21<sup>st</sup> century, the EU must undergo radical reform. In particular, this Declaration makes the case that the EU should replace its overriding objective of international competitiveness and free trade, with a new "Big Idea" for Europe based on environmental sustainability and economic localisation.

The EU needs to become more democratic and accountable, less bureaucratic and remote. But it also needs to have a more compelling vision of its role and purpose. This Declaration is offered as a contribution to building that vision.

## 2. STATEMENT OF THE UNION'S VALUES

The challenges facing us in the 21<sup>st</sup> Century are significant and far-reaching: chief among them, climate change, energy security, job security, increasing global poverty, and the rise of violent fundamentalisms. In order to properly address them, we need to completely reappraise the values and end goals that lie at the heart of the European Union.

We need a broad, properly democratic and inclusive debate about what these values and goals should be, but as a starting point the EU should be a union based upon the inter-related principles of environmental, economic and social justice, respect for human rights and peace. Promoting the free movement of goods and services throughout the Union has pulled it in exactly the opposite direction: the EU has delivered centralised uniformity at the expense of the unity-in-diversity desired by its citizens.

It has become increasingly clear that the EU's stated goals - to be the most competitive economy in the world in traditional GNP terms (the objective agreed at the Lisbon Council of 2000), and to be the most environmentally sustainable economy in the world (the objective agreed at the Gothenburg Council just 15 months later) - are currently incompatible. While, theoretically, the EU has some of the strongest environmental legislation in the world, in practice it systematically falls short on delivery, since the drive for short-term international competitiveness and maximum economic growth is prioritised over the quest for sustainability.

A sustainable Europe will not be achievable under the economics of free trade and a fixation on ever-greater GNP growth. Instead we need the ecological alternative of local self-reliance and resource conservation, within a context of wider diversity, and of more decentralised political and economic control. The details and advantages of such a localisation approach are set out in the next section. We recognise the value of the original goal of the founders of the European Communities, who sought to remove the threat of another war between European states. But this has been distorted by vested political and economic interests into a union dominated by economic interests, which lacks democratic control, and promotes the goals of multinational corporations, not of people.

The European Union should be made up of overlapping, co-operative, democratic, and decentralised groupings of nations and regions. European institutions must be designed with care and with mechanisms for correction, to prevent the drift towards centralism that has repeatedly been seen in history.

Matters considered at a European level should be based on the shared values of:

- a. safeguarding human rights and democracy;
- b. promoting peace and security in Europe, and beyond;
- c. tackling environmental problems, especially climate change, which can best be resolved through international co-operation;
- d. promoting sustainable, non exploitative, self reliant local and regional economies worldwide;
- e. reducing inequalities of wealth and disparities in quality of life between the regions of Europe, and between Europe and the rest of the world;
- f. supporting a rich diversity of cultures;
- g. facilitating the exchange of ideas, technology and sustainable practices;
- h. promoting global co-operation.

If this vision for Europe is to be achieved, many existing European policies and priorities will need to change profoundly.

### 3. FUTURE CHALLENGES, AND THE COMMON POLICIES REQUIRED TO ADDRESS THEM

The world in 2007 faces challenges unimaginable half a century ago. If the EU is to become relevant to people's lives - and enjoy the democratic legitimacy it needs to function fairly, efficiently and effectively - it must focus its efforts on tackling today's problems.

It will be impossible for the EU to act with sufficient speed and scale on climate change and energy security, for example, so long as it continues to put international competitiveness and ever greater free trade at the top of its agenda. Currently, the Lisbon Agenda, with its mantra of greater liberalisation, deregulation and privatisation, is allowed to trump efforts to achieve ambitious, binding emission reduction targets.

In order to both rebuild economic security and ensure that social and environmental justice are at the heart of its domestic and international policies, the EU must set itself a new goal, away from ever more deregulated trade, and towards the diversification of economies, supporting greater self-reliance and promoting fair trade.

This could be achieved through "localisation" - a set of interrelated and self-reinforcing policies that actively discriminate in favour of the more local. It ensures that all goods and services that can reasonably be provided locally should be. Depending on the context, the "local" can be part of the nation state, the nation state itself or, occasionally, a regional grouping of nation states. This approach would provide a political and economic framework for people, their communities and governments to reclaim control over their local and national economies, in order to make them as diverse as possible, and to rebuild stability into community life. Over time, we would gradually move from a situation in which all economies are trying to compete against each other, to one in which goods and services are provided nationally or locally wherever feasible and appropriate. This obviously does not mean putting an end to all international trade. It simply means trying to meet more of our basic needs from closer to home, with long distance trade reverting to its original purpose - the quest for what cannot be obtained domestically. This approach has the potential to increase community cohesion, reduce poverty and inequality, improve livelihoods, social provision and environmental protection and provide an all-important sense of security.

I sympathise, therefore, with those who would minimise, rather than those who would maximise, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel - these are the things which should of their nature be international. But let goods be homespun whenever it is reasonable and conveniently possible, and above all, let finance be primarily national.

**JOHN MAYNARD KEYNES**

Specifically, such an approach could tackle job insecurity by increasing the range of employment through the relocalisation of manufacturing and services within the countries of Europe. It could ensure energy security by emphasising decentralised local energy sources and efficiency, and could stop EU agricultural surpluses and rebuild Europe's rural economies. The EU's localisation emphasis in terms of its trade and economic relationships with developing countries would become more supportively internationalist. Its purpose would be to promote increased provision of needs locally and nationally rather than encouraging all developing countries to try to out-compete each other to export in an open market system, where big business and international capital are the major beneficiaries, and the growth of global inequality and environmental degradation the twin adverse results.

## POLICY PROPOSALS FOR ACHIEVING "LOCALISATION"

A proposed route to localisation consists of seven interrelated and self-reinforcing policy areas. The basic steps are:

- reintroduction of protective safeguards for domestic economies;
- a site-here-to-sell-here policy for manufacturing and services domestically or regionally;
- localising money such that the majority stays within its place of origin;
- local competition policy to eliminate monopolies from the more protected economies;
- introduction of resource taxes to promote environmental improvements and help fund the transition to the Localisation approach;
- increased democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies;
- reorientation of the end goals of aid and trade rules so that they contribute to the rebuilding of sustainable local, national and regional economies both North and South.

Crucially, this is not a "Fortress Europe" approach. Clearly in the short term, developing countries depend on access to our markets, but much of this is to earn foreign exchange to pay off debts, which themselves need to be renegotiated or cancelled. The medium and longer term need is for a strategy that will include significant amounts of aid and development co-operation - to build stronger national and regional economies in the South, rather than skewing poorer countries' economies to prioritise ever more exports to the North, in ever more damaging competition with each other.

Localisation is the very antithesis of globalisation, manifest in the EU's emphasis on ever more open markets, and which emphasises a beggar-your-neighbour reduction of controls on trade and contorts all economies to make international competitiveness their major goal. Localisation involves a better-your-neighbour supportive internationalism where the flow of ideas, technologies, information, culture, money and goods has, as its goal, the protection and rebuilding of national and local economies not just within Europe but worldwide. Its emphasis is not on competition for the cheapest, but on cooperation for the best.

In practice, the policy mix will obviously vary to some degree from country to country. Some countries are big enough to think in terms of increased self-reliance within their boundaries, smaller countries would look to a grouping with their neighbours. It will also require a reorientation of international trade and aid policies, so they contribute toward, rather than work against, the building of sustainable economies worldwide.

It will be impossible for such a radical change to be introduced by one country alone. Individual countries will need to co-operate in delivering this project on a regional basis. Regional blocs like the EU will have a key role to play. Indeed, only Europe and North America are politically and economically powerful enough to be a counterweight to overcome the forces that are the major beneficiaries from globalisation - transnational companies and international capital. Unfortunately, the immediate prospect for the US is that of a Bush programme that deliberately rolls back key social and environmental protection in order to promote ever-greater free trade. The EU must, therefore, take on the mantle of the major engine for change, and its 50th anniversary offers it a timely opportunity to do so.

The EU members should work together as a force for peace and for democratic reform of international institutions, both in terms of resisting war calls at every opportunity and in terms of staving off the economic problems most likely to lead to future injustices and violent conflict. Perhaps the greatest of these is the threat posed by energy scarcity, driven both by 'peak oil' - the non-negotiable reality that fossil fuel supplies are already in increasingly rapid decline - and the increasingly fraught battles over control of remaining energy supplies, in Iraq, Russia and Venezuela, for example. By promoting real energy security through renewables, energy conservation and demand reduction the EU could become a global beacon of how post-carbon industrial societies would work, providing experience and expertise to help the world overcome the twin challenges of climate change and the resource-led conflicts invariably exacerbated by energy scarcity.

For example, under a Europe that was emphasising "localisation", energy would be sourced first from the locality, then the country, then neighbouring countries, thus minimising vulnerability to supply disruption, and increasing national security. We would have a crash programme for as rapid a transfer as possible to maximum energy efficiency, plus a wide mix of decentralised renewable sources of supply. Such an approach would involve the absolute minimum use of fossil fuels and no role for new nuclear power stations. This could result in a transition from existing centralised energy systems to one where as much energy supply as is feasible is sited in the home, the place of work, and the neighbourhood.

Such a programme of "Real Energy Security" for Europe would not only dramatically reduce dependence on foreign energy sources, but would also limit the financial and military resources required to protect or obtain such sources - ranging from bribes through to military intervention.

## 4. THE NEED FOR INSTITUTIONAL CHANGE

In order to meet these new challenges, and to adopt the values and goals outlined above, the EU will need urgent policy and institutional change.

### FROM THE TREATY OF ROME TO THE TREATY FOR LOCALISATION

In order to start a debate on how to achieve a radical change in the direction of the EU, we have taken some of the key parts of the EC Treaty that underpin the present damaging free market direction of the EU. We have replaced them with a possible alternative wording (in bold, below) for a *Treaty for Localisation*. This would enable the EU to provide a policy framework that would prioritise economic localisation and ensure that the policies outlined above can be implemented. This emphasis on the rebuilding of local, national and regional economies in a way that improves social conditions and environmental protection could then act as a spur for other regional blocs to consider adopting a similar radical alternative to globalisation.

In order to build a truly sustainable Europe, the EU needs to be based on a network of states and agencies with maximum subsidiarity, within an overarching set of high social and environmental responsibilities, and with freedom for member states to go beyond those standards if they wish. This would allow the EU to build on its important successes in environmental and social policy, and enable it to meet the real challenges that lie ahead.

### PROPOSED ALTERNATIVE TEXT TO EC TREATY

#### ARTICLE 2

(EX ARTICLE 2)

The Community shall have as its task, by establishing a common **environmentally sustainable, socially enhancing and locally diversified market which maximises the provision of goods and services** nationally and by implementing common policies or activities referred to in Articles 3 and 4, to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable, **environmentally benign and socially positive economic activity**, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States.

#### ARTICLE 3

(EX ARTICLE 3)

- 1) For the purposes set out in Article 2, the activities of the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein:
  - (a) the **re-introduction**, as between Member States, of customs duties and quantitative restrictions on the import and export of goods, and of all other measures having equivalent effect **where necessary in order to further the protection and rebuilding of regional, national and local economies**;
  - (b) a common commercial policy **that furthers the achievement of (a)** ;
  - (c) a market characterised by the **maintenance**, as between Member States, of **appropriate restrictions** to the free movement of goods, services and capital **in order to allow regional, national and local economies to prosper**;
  - (e) co-ordination in the sphere of **sustainable, local market orientated** agriculture and fisheries;
  - (f) coordination in the sphere of transport **to support the diversification of local economies**;



(g) a system ensuring that competition predominantly takes place at the national level to ensure that environmentally benign products, production methods and service provision and high levels of labour practices and conditions are not undermined by imports which do not meet the same standards;

(m) the strengthening of the locally orientated priority of Community industry;

(o) encouragement for the establishment and development of European networks that promote national and local economic diversity;

(s) the association of the overseas countries and territories in order to promote jointly economic and social development that emphasises the protection and rebuilding of regional, national and local economies;

2. In all the activities referred to in this Article, the Community shall aim to eliminate inequalities, and to promote equality, between men and women.

#### ARTICLE 4

(EX ARTICLE 3A)

1. For the purposes set out in Article 2, the activities of the Member States and the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein, the adoption of an economic policy which is based on the close co-ordination of Member States' economic policies to protect and re-diversify regional, national and local markets on the definition of common objectives, and conducted in accordance with the principle of a market with competition policies that prioritise the re-diversifying of regional, national and local economies.

2. Concurrently with the foregoing, and as provided in this Treaty and in accordance with the timetable and the procedures set out therein, these activities shall include the control of exchange rates and the definition and conduct of a monetary policy and exchange rate policy the primary objective of both of which shall be to maintain the movement towards more diverse and sustainable regional, national and local economies and, without prejudice to this objective, to support the general economic policies in the Community, in accordance with the principle of a market with competition policies that prioritise the re-diversifying of regional, national and local economies.

#### ARTICLE 28

(EX ARTICLE 30)

Quantitative restrictions on imports, and all measures having equivalent effect shall be permitted between Member States in order to further the protection and rebuilding of regional, national and local economies;

#### ARTICLE 29

(EX ARTICLE 34)

Quantitative restrictions on exports and all measures having equivalent effect shall be permitted between Member States in order to further the protection and rebuilding of regional, national and local economies.

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